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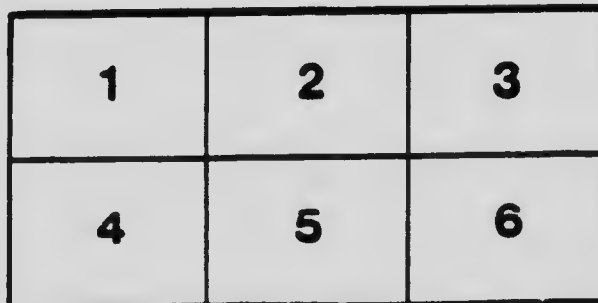
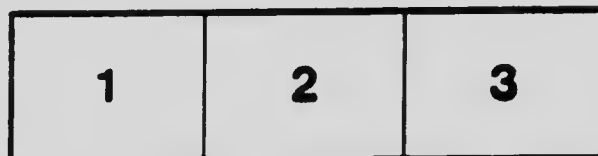
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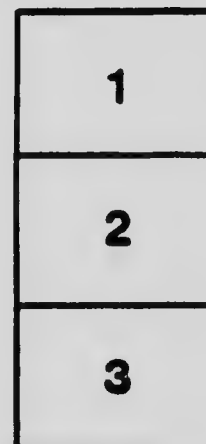
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# **Deachman before the** **Tariff Commission**

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# Foreword

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I have just finished reading the manuscript of R. J. Deachman's pamphlet on the Canadian Protective Tariff, and find that in his usual vigorous way he has presented some of his arguments from rather unusual angles with results that are unexpected, if not startling.

It seems that like the poor, we have the Tariff question with us always. In fact a very close kinship might be traced between the Protection Tariff and Poverty; for it is a truism that any system that makes some abnormally rich makes others abnormally poor.

At this particular time, when the devotees of Plutocracy are making such strenuous efforts to get an endorsation of the Protective System, it behooves the voting friends of Democracy to examine the subject carefully.

I have known for several years that Mr. Deachman was making a special study of the Protective Tariff System and any carefully prepared pronouncement of his on that subject is not the work of a novice. I think you will be both instructed and entertained by reading his pamphlet, and will not begrudge the time spent in so doing.

H. W. WOOD,  
President United Farmers of Alberta.

Calgary, October 28th, 1920.



R. J. DEACHMAN  
Editor "*The Westerner*"

# Deachman before the Tariff Commission

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## A destructive criticism of the fallacy of Protection

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The average man in the West is more in favor of Freedom of Trade than the man in the East because his life is less complex, and his business more direct. The Western Farmer, who grows grain for a living, realizes that there are only four factors which have any influence upon his crop production. These are,—the land, the weather, the cultivation and the seed. He realizes that in order to increase production something must be done to affect, at least, one of the factors of production. That is to say, he must improve the soil or the seed, give it better cultivation or else Providence must send him better weather, if he is going to have an increased crop.

In just the same way he regards the production of National Wealth. All wealth comes from the application of Capital and Labor to Land. In order to increase the production of wealth we must increase the productivity of the Soil, the ability of Labor or the efficiency of Capital, and, because the average Westerner is thoroughly convinced that a Tariff will do none of these things he believes that the Tariff serves no purpose in increasing the production of wealth and consequently wants it abolished.



## **The Only Test Is— Does It Work.**

But these are general principles and I do not propose to discuss the Tariff from the general standpoint. I want to examine definite and particular Industries. I want to apply this test to the Tariff: **Does it work?** I want to test its results under certain definite circumstances and then perhaps from such a specific test we may define certain general principles.

It is claimed that the Tariff has induced six hundred branches of American Industries with immense capital to locate in Canada. I am not going to argue on the truth or falsity of that assertion. I readily grant that if we offer an Industry sufficient money we can cause it to be established any place on earth. I ask you to concede, however, the fact that it is possible that it may not be economically profitable to the people as a whole to induce such Industries to locate in their midst. I simply argue that it is conceivably possible that an Industry may be induced to come into Canada on account of the Tariff and at the same time I want to make it plain that the establishment of that Industry in the Country may be an exceedingly costly business for the Canadian people.

## **Are We Paying Too Much For Our Fords?**

I am going to take as my example The Ford Motor Company of Canada. My choice of this Company is in no way a reflection upon Mr. Ford or his works. He is manufacturing a good car and selling it at a low price. Let us commend him for it. I mention it only because a Ford car on one side of the line is the same as a Ford car on the other side of the line. If I were to submit, to you, samples of cloth

there would be any number of people who would claim that one piece was much better than the other and very few who would really know the difference, but, in taking the Ford car we have a product manufactured on opposite sides of the river, in Detroit and in Ford, Ontario—it is the same car in both cases so that comparisons are absolutely fair and equal.

The Ford Company came to Canada in 1904. It was established with a capital of \$125,000, of which \$62,500 was cash, the balance of \$62,500 being given to Mr. Ford for his Patent rights in the car. The Company has done exceedingly well in Canada. It paid its first dividend—6 per cent.—in 1905; in 1910 it paid 100 per cent.; in 1911 it paid 100 per cent.; and in the same year it distributed a 500 per cent. stock dividend; in 1915 it paid 110 per cent.; 1916—600 per cent. stock dividend; in 1919 it paid 35 per cent. dividend.\* Some idea may be gained of the earnings of this corporation when I point out that if a man had invested \$1000 at the time of the formation of the Company he would have received, up to last year, \$38,400 in cash dividends and have stock which, at the recent market price, would bring \$238,000. A not uncomfortable reward of \$276,400 for an investment of \$1000. Let me put it another way. If Mr. Ford had sold his entire holdings of the Ford Motor Company of Canada at prices current

\*Please note the large payments of stock dividends. For instance in 1916 the Ford Company paid 600 per cent. stock dividend. That is, every holder of one share of stock received, absolutely free, six shares of stock in the way of a dividend. The following year he received 5 per cent. cash dividend but that 5 per cent. was paid on the seven shares of stock which he then owned, or equivalent to 35 per cent. upon his previous holding. These generous distributions of stock dividends account for the tremendous profit which the Investors in Ford stock received.

last year on Detroit Stock Exchange he would have received \$17,275,000 for his property.

### **Protection Pays— Some People.**

Let me point out again that I am not taking exception to the fact that Mr. Ford made money. I am only objecting to the fact that we have, at the expense of the Canadian people given him a special opportunity to charge us an excess price for the car he sells us. It is estimated that the manufacture of Ford cars in Canada, during the current year, will be 60,000, of these approximately 25 per cent. are sold for the export trade, leaving 45,000 cars for the Canadian market. The selling price of a Ford car in Canada is \$165.00 more than the selling price of the same car on the American side of the line. Multiply 45,000 cars by \$165.00 and you have a total of \$7,425,000, which represents the excess price which Canadian users of Ford cars will pay to Mr. Ford and his associates for the privilege of having this Company in Canada for a single year.\*

### **Could We Do Anything With This Money?**

\$7,425,000 is a lot of money.\* As a yearly burden on the Canadian people it is equivalent to adding ap-

\*Of course the Ford Motor Company of Canada imports certain raw materials used in this business and on these raw materials duty would have to be paid to the Canadian Government. This would deduct a certain amount from the total of \$7,425,000, which I have given as the net cost to the Canadian people of inducing this Industry to come to Canada.

As duties upon raw materials are lower than duties upon finished products, and, as only a portion of the raw material would need to be imported, the deductions made for this cause would necessarily be relatively small compared to the total excess price which we are compelled to pay for these cars.

proximately \$100,000,000 to the National debt. It would build a gravel road across Canada from Montreal to Vancouver, allowing over \$2,000 for each mile. If every worker in Canada earned \$1500 in a year and each worker supported three, in addition to himself, it would represent the entire earnings of a City of 20,000 people. If a working man earns \$5.00 a day it would take approximately 1,500,000 days' work to pay the toll which we pay annually for the pleasure of having the factory of the Ford Motor Company located in Canada. In view of these circumstances am I not right in saying that there is a cynical truth in the statement that Protection makes work.

This is only one of the Industries which, according to the Protectionists, have been brought to Canada by means of the Protective Tariff. The Manufacturers have made the statement that six hundred plants have been established in Canada because of Protection. If the presence of the Ford Motor Company is costing us over \$7,000,000, and six hundred others have come of the same character—well, I leave you to calculate the cost to the Canadian people but I shall not push the claims against Protection to that extent.

And now let us turn to another Industry. Here again I have certain definite reasons for making my choice. Some time ago the Canadian Reconstruction Association published a pamphlet entitled "The Boot and Shoe Industry in Canada." It is a close study of the development of the Boot and Shoe Industry. Its object is to show that the Boot and Shoe Industry in Canada has been developed by Protection. In general it hints that higher Protection is necessary. I have made a study of the figures as presented by this pamphlet. The figures, in the main, are accurate. I have verified them by comparison with the

figures in the Census returns and I want to make an examination of these figures as given in this particular pamphlet.

### Testing The Shoe Business.

In the Manifesto of the Canadian Manufacturers' Association, submitted to the Tariff Commission in Winnipeg, the statement is made that the average net profit upon the money invested in the manufacturing of Shoes in Canada was only 5.29 per cent.\* but an examination of the facts reveals some rather peculiarly significant things. In the year 1900 every dollar invested in the Canadian Boot and Shoe Industry produced \$1.68 worth of goods. In 1918 each dollar invested in the same business produced goods to the value of only \$1.40. Recall for a moment the fact that during this period prices in Canada advanced a good deal more than 100 per cent. Is this not a rather peculiar situation under the circumstances? Evidently the dollar had lost its efficiency as a producing factor? Why? Three explanations are possible.

**One:** It may be that the efficiency of the Manufacturers between the years 1900 and 1918 may have

\*It is sometimes extremely hard to obtain the real facts from Protectionist literature. In the official statement submitted by the Canadian Manufacturers' Association to the Tariff Commission at Winnipeg, we find these words: "The average return on the capital invested in the Shoe Industry was 5.29 per cent. per annum." This was a statement which I used in my argument before the Tariff Commission but in the Bulletin, put out by the Canadian Reconstruction Association on October 2nd, I find the figures as 5.29 per cent. on turnover and 7.37 per cent. on the capital investment. Any business man will, of course, readily realize that there is a very material difference between profit upon turnover, and profit upon capital investment. Apparently, therefore, the profit upon capital was 7.37 per cent. and not 5.29 as originally claimed by the Manufacturers.

declined—that is quite possible. It is not an uncommon thing for efficiency to decline under Protection. I do not push the point. I leave it for the Manufacturers themselves to answer.

**Two:** It might be possible that during this period the efficiency of Labor declined, but, I find on examination that in the year 1900 each laborer produced goods to the value of \$1,345.00, while in 1918 each laborer produced goods to the value of \$3,297.00. The figures are taken from the pamphlet of the Canadian Reconstruction Association upon the Boot and Shoe Industry. Evidently there was no decline of efficiency there. Labor was doing its work. Each laborer had more than doubled his production. But the production of each dollar of capital invested had declined.

**Three:** Each of the previous explanations, therefore, being apparently impossible, let us consider the only one that seems reasonable. I take it from the evidence that the decline in the per unit production for capital invested can come from only one cause, namely,—that between 1900 and 1918 there has been a tremendous injection of water into the capital of the Companies in Canada manufacturing Boots and Shoes. There is no other possible explanation. The figures reveal the facts on their face. In view of that condition I ask you what possible value there is in the assertion that the Manufacturers of Shoes made only 5.29 per cent. upon their actual investment? The facts condemn the statement of the Manufacturers and proof of their absurdity is found in the documents they themselves have published.

### **What Happened To Labor.**

Now, how did Labor fare in this particular Industry? We are told that Protection is of great

benefit to the Laborer because it gives employment to more Laborers. In the year 1900 there were 13,743 engaged in the manufacture of Boots and Shoes in Canada. In 1917 there were only 13,013, by 1918 it had increased to 14,070. This represents an increase of a little over 200 people in the "marvellous development" of eighteen years under Protection. So far, therefore, as giving increased employment to the people of Canada, protection of the Shoe Industry has been a flat, black, dismal failure.

Well, how did Labor fare so far as wages were concerned? Nothing would be gained by making a comparison with nominal wages as existing in 1900 and 1918. By nominal wages I mean the amount in dollars the wage earner received for his work. By actual wages I mean the percentage of the product produced which the laborer was able to buy back with his wages. I find that in the year 1900, according to this bulletin on the Boot and Shoe Industry, that the laborer would be able to buy back 25.13 per cent. of the product produced. This percentage varied from year to year and in 1915 stood at 24.60 per cent., but in 1917 it suddenly dropped to 18.81 per cent., going up again in 1918 to 20.70 per cent., in other words there is a clear line of cleavage between the years 1915 and 1917. What is the cause of this?

### **The Tariff Caused It.**

In 1914 War broke out. A special session of Parliament was called. There was an increase in the Tariff of  $7\frac{1}{2}$  per cent. Now an increase in the Tariff gives those who receive the additional protection an opportunity to charge an increased price for the product. Sheltered behind the Tariff wall the manufacturer increased the price of his goods without increasing the amount of wages paid, so that actually, the

# THE BOOT AND SHOE INDUSTRY IN CANADA

(An analysis based on the Canadian Government's Census of Industry reports.)

	1900	1905	1910	1915	1917	1918
Establishments, No.....	179	138	180	146	185	161
Capital .....	\$11,005,869	11,709,165	23,630,649	30,881,172	31,486,345	33,274,753
Wage and salary earners,*						
No. ....	13,743	13,040	17,227	15,718	13,013	14,070
Amount paid in salaries and wages .....						
Cost of materials .....	4,545,007	4,688,941	7,698,333	8,379,836	9,246,744	9,599,967
Value of products .....	10,993,979	.....	18,507,535	18,980,004	26,780,543	27,318,772
Value of products per employee on wage or salary ..	18,481,216	20,264,686	33,987,248	34,064,696	49,170,062	46,387,665
Percentage value of product represented by cost of materials .....	1,345	1,554	1,973	2,167	3,779	3,297
Percentage of value of product represented by wages and salaries .....	59.49	.....	54.45	57.75	54.47	58.89
Percentage of value of product represented by cost of materials and wages and salaries .....	25.13	+23.14	22.65	24.60	18.81	20.70
salaries .....	84.62	77.92	77.10	82.35	73.28	79.59

\* Includes outside pieceworkers.

+ In some cases commissions to salesmen were not included in the figures reported.

+ Estimated.



increase of  $7\frac{1}{2}$  per cent. in the Tariff meant in practice a direct cut in the wages of Labor employed in the Shoe Industry in Canada. This is no new theory. Years ago in his fighting days Joe Chamberlain made the statement that an increase in the Tariff was equivalent to a cut in wages, and the same economic law is operating now as then, and a Tariff means now, and always has meant, a cut in actual wages.\*

\*Ever since this argument was made the Canadian Reconstruction Association have been endeavoring to answer it. Their latest effort consisted of a Bulletin sent out to the Press and to prominent Canadians generally, under date of October 2nd. They attempt to explain the decrease in actual wages between 1915 and 1918 by the fact that raw materials advanced in price during that period. Apparently therefore it is the contention of the Canadian Reconstruction Association that when the price of raw material advances the price does not go up to the Consumer, the Manufacturer continues to make the same profit but Labor gets a cut in wages.

Let me further point out that for the purposes of this argument the Canadian Reconstruction Association takes the years 1915 and 1918. Had they taken the years 1915 and 1917 they would have found that according to their own figures the value of raw materials used in the Shoes, declined. Raw material stood at 57.75 per cent. of the total value of the shoes in 1915 and in 1917 represented only 54.47 per cent. In 1915 wages represented 24.60 per cent. of the value of the shoes produced and in 1917 Labor only got 18.81 per cent. Apparently their explanation does not always explain. Sometimes the percentage which goes to Labor and for raw material goes down while the price of shoes goes up.

They further say, and here I quote the exact words from their bulletin, "The average wage, per worker, in 1918 under relatively prosperous conditions in the Industry was almost 28 per cent. higher than the average wage in 1915 when the Industry was conducted under unprofitable conditions." This is from their Bulletin of October 2nd. On the 4th of October an advertisement of the Shoe Manufacturers of Canada appeared in the Calgary Daily Herald, from which I take these figures: "But it has been so repeatedly stated that shoe prices are 'excessive' or 'ridiculous' that we feel justified in making a comparison between the present price of shoes and the price

And I turn now to another aspect of the Shoe business. In the concluding pages of this booklet, published by the Canadian Reconstruction Association, there is a list of the manufacturers of boots and shoes who have failed in Canada since 1885. The figures which I have submitted to you prove that from the standpoint of the laborer the Shoe Industry, under Protection, has not been beneficial to Labor. The list of people who have failed in the enterprise shows that it has not been prosperous so far as the Capitalist is concerned. We certainly have had an abundance of Protection for the Shoe Industry in Canada since 1885 and the best that those, who crave Protection, can offer is a tabulation of figures which indicate a cut in actual wages, the watering of stock in the Companies engaged, and a pathetic list of manufacturers who failed to survive under the stimulus of Protection. So much for the Shoe Industry.

of some other things that we buy. The following prices are from Government statistics and cover the period from January, 1914, to January, 1920.

Advance in price of Iron and Steel .....	124	per cent.
Average wholesale advance in all commodities .....	146.4	"
Advance in price of Fruit & Vegetables ..	153.2	"
Advance in price of Textiles .....	206.2	"
Advance in price of Western Grains ....	259.6	"
Advance in price of Boots and Shoes....	118.2	"

It will be noticed, therefore, that between January, 1914, and January, 1920, the price of Shoes advanced 118.2 per cent., while between the years 1915 and 1918 wages advanced only 28 per cent. Apparently, therefore, the advance in shoe prices averaged 17 per cent. a year while the advance in wages represented 7 per cent. a year. As wages account for only 20 per cent. of the cost of shoes it would require an advance of 85 per cent. in wages to account for 17 per cent. advance in shoes. This is only a statement of fact deduced from the figures of the Canadian Reconstruction Association and the Shoe Manufacturers' Association of Canada. Are the workers of Canada satisfied with such a condition? Does it appeal to the Canadian Reconstruction Association?

If this is the best that the Protectionists can offer to the people of Canada in the upbuilding of an Industry, then, dust to dust, ashes to ashes, so far as Protection is concerned; surely there will be none so mean as to do it reverence.

### **The Danger Of Cheap Goods !**

Now there is another argument put forward by our Protectionist friends to which I wish to devote a moment's attention. We are told, from time to time, that we are in deadly danger of having cheap goods dumped upon us from outside countries. Personally I have not felt, for many years, the pangs induced by any inundation of cheap goods. I do not believe as a matter of fact that dumping exists to any material extent. The manufacturer in Calgary does not dump his product in the Province of Saskatchewan because he knows quite well that if he did it would be shipped back into Alberta and break his market in this particular Province. There is, therefore, no inducement for him to do this. In the same way, I argue, that if there were no Tariff barrier in Canada, against goods coming from the United States, the American manufacturer would hesitate to dump into Canada because he would know that the goods might be promptly reshipped into the United States and thus break the market in his own country. For instance, if a manufacturer in Massachusetts were to offer a broker in Toronto a shipment of goods much below the price at which he sold these goods in his own country, the Canadian broker might accept and promptly re-ship the goods to the United States so that there would be no object in dumping in the Dominion of Canada. If dumping does take place, as has been argued so strenuously by Mr. Fielding and others, certainly it does not take place in an adjacent market. It is conceivable that an American manufacturer might dump in England or

a German manufacturer might dump some of his product in Canada, but there will be mighty little dumping on the part of an American manufacturer in a market so close to his own country that the dumped goods can be sent back again in an hour.\*

### The Dumping Humbug.

As a matter of fact the whole story of dumping is one of the bugaboos dug up by the Protectionists and used as a scarecrow. It is much the same as the old plea of the mothers of England who used to scare their children by saying "The Black Douglas will get you if you don't be good." If dumping is an evil, then large stores should be prohibited from selling their goods at a low price because that would be dumping upon the small store, but the whole thing is so preposterous that I apologise for arguing the point, and only bring it up because it is so fre-

\*It should be understood by the reader that American goods once exported can be re-imported free of duty. That is to say, the American Government will not charge a duty upon American goods which are re-imported into the United States.

My contention was that if we could import goods, without duty from the United States we could, at any time, re-export those goods to the United States, if the prices charged to the American people were higher than the price at which they were shipped to Canada. Sir Henry Drayton took exception to this argument claiming that we could do that even now and that an importer could hold the goods in bond in this country and then re-export them to the United States. Let us accept, for the sake of the argument, Mr. Drayton's contention in this matter. If he is right there would be no more gained by a manufacturer in New York State in dumping his product into Ontario than there would be in dumping it in Ohio. If it were sold to Ontario and the price in the United States were higher than the price at which it was sold in Ontario, the Ontario buyer could promptly re-ship to Ohio. The chairman's argument only confirms my contention that dumping is a negligible episode in International Trade and wholly unworthy of the importance given to it by Protectionists.

quently presented by the Defenders of Protection.

And now I have another document about which I wish to make a few remarks. It is very kind of the Protectionists to go into print occasionally, because that prevents them from denying their own arguments. Of course they deny them in their printed statements because no man can argue for any length of time in favor of Protection without denying every principle of reason and common sense, but their denials and contradictions are much more easily followed when put in printed or typewritten form.

Thos. Findlay, of the Massey Harris Company, presented a somewhat lengthy paper to the Tariff Commission in Winnipeg. I am glad to refer to it because it is declared by the Protectionists, themselves, to be one of the strongest arguments ever put up in defence of Protection. It is rather strong because Mr. Findlay was too wise to make a defence of Protection—he made an apology instead.

### **Compare German and British Binder Prices.**

Mr. Findlay endeavors to show that agricultural implement manufacturers sell their machines for a higher price abroad than they do at Home. In support of this contention he points to reports published by the Consular Department of the United States Government. These reports indicate that a six-foot binder sometime prior to the outbreak of the War was selling in the United States for \$125, in Great Britain for \$135.16, in France for \$173.70, in Germany for \$203.00, in Denmark for \$167.50, in Sweden for \$160.80, in South Russia for \$168.95, in North Russia for \$180.25 and in West Siberia for \$187.98. Please note two things in regard to these figures. One: The price at which these machines were sold in Canada is not stated by Mr. Findlay be-

cause that would show exactly what Protection costs the Canadian Farmer. Two: Note also the fact that Great Britain was buying a binder for \$135.16 which cost the Farmer in Germany \$203.00. That is to say the Free Trade Country, Great Britain, was getting a binder almost \$68.00 cheaper than its Protectionist competitor—Germany. Surely this proves, if proof be needed, that a Tariff upon machinery, which is the raw material of the Farmer in the production of his crop, compels the Farmer to pay more for the machinery. Now if the Manufacturer wants his raw material free why should not the Farmer have his raw material free? And the Binder is just as much the Farmer's raw material as is the iron and steel which entered into it, the raw material of the firm which manufactures the binder.

Mr. Findlay then proceeds to point out that about thirty years ago the Government of Canada gave a rebate of duties upon raw materials entering into the manufacture of binders when such binders were manufactured for export. Mr. Findlay says, "Prior to this adjustment our Company had decided to manufacture its foreign goods in the United States and had purchased a large tract of land near Tangwanda, for that purpose. The drawback, therefore, is not a bounty but simply a refund of part of the duty on material in order to put the Canadian manufacturer on a competitive basis with the United States Manufacturer!" Alright, let us take Mr. Findlay's word in regard to this. It is apparent therefore that unless the Government had reduced the duty upon certain raw materials this factory would have gone from Canada to the United States. In other words, on the very excellent authority of Mr. Findlay, of the Massey Harris Company, Protection can drive an Industry out of the Country.

We have had the argument of the Manufacturers' Association that Protection would cause Industries to come into the Country. We now have the counter-argument that it will cause them to go out of the Country. It would be very interesting if we had the further figures to show how many Industries it has prevented from coming into the Country.

### **Free Trade Would Help Manufacturers.**

Mr. Findlay then proceeds to make a rather peculiar statement which, with characteristic Protectionist logic, he denies in a subsequent statement. He says in one place, to quote his own words: "Our Farmers are trying to drive Implement makers out of Canada, the Farmers of every country where there are no manufacturers are anxious to have them." In a later paragraph Mr. Findlay makes this statement: "In fact considering how large our foreign trade is in proportion to the whole, we honestly believe we could make more money under such a free trade condition than we are making at the present time." If there is any truth in this statement, what becomes of Mr. Findlay's assertion that the Farmers are trying, by lowering the duties, to drive the makers of Agricultural Implements out of the country. Mr. Findlay makes a strong case for his claim that they could make more money under Free Trade. He points out, and again I quote directly from the statement of Mr. Findlay: "In the last year before the war in volume our business was, Home 40 per cent.; Foreign 60 per cent., the source of our total profits for the year is represented by the following percentages: Home trade 28.1, Foreign 68.3, Investments 3.6. I do not doubt, under the circumstances, that Mr. Findlay is right in his contention that they could make more money under a condition

of absolute Free Trade. It is a very serious mistake to argue that Industries would be injured by Free Trade. Some, unnatural and artificial Industries, no doubt would be, but general costs of production would be lowered under Free Trade, the volume produced would be greater and the general profit larger than it would be under Protection. It must never be forgotten that Protection checks the development of volume production by preventing, to a certain extent, manufacturing for export, for a wall which shuts the other fellow out tends to shut in the home producer of manufactured products.

### **It Benefits All.**

Then to give further and final corroborative testimony to the belief of Mr. Lindlay and his Directors that the Massey Harris Company would not be injured by the removal of the duty he quotes the following resolution, passed by the Directors of the Massey Harris Company and placed upon the minutes of the Company on August 14th, 1917:—

“A further discussion on the tariff situation followed and the President submitted figures illustrating the effect of the tariff on our business, and, while the consensus of opinion was that, given free materials, machinery and all other articles entering into the manufacture of our goods and the operation of our plants, we would be as well off with free agricultural implements, it was not thought desirable to make a statement of any kind at present with regard to the position on account of the unsettled political situation and the feeling that the effect of practically free trade on other Canadian manufacturing industries might be different from its effect on ourselves.”

- We have therefore the positive evidence of one manu-



facturer that so far as his own business is concerned it would be better off under Free Trade than under Protection.

True, in his further argument, Mr. Findlay proceeds to state that in his opinion Protection is still necessary for other Industries in Canada. The suggestion he makes is that personally he rather favors Protection because he thinks it will benefit the Industries in which he is not engaged and about which he knows little. Whereas he makes the direct statement that so far as his own particular business is concerned, it would be better off without Protection than with it.

#### **Free Advice From Mr. Findlay.**

There is another very amusing feature about Mr. Findlay's article. It shows how cheerfully willing many people are to give advice. He quotes some tests made by the Ohio State University which go to show that the life of a farm implement is far longer when it is properly housed. This is an excellent suggestion upon Mr. Findlay's part but to my mind it is a strong argument in favor of reducing duty upon Lumber and Nails for the purpose of providing, at reasonable cost, cheap housing for farm implements. It is not, by any means, an argument in favor of a duty upon Agricultural Implements. This sums up the arguments put forward by one of our largest Protected Industries. It all goes to show that these arguments cannot stand the tests of reason and it constitutes a further proof of the fact that when it comes down to the final analysis we are beginning to have, in Canada, some thoughtful men in our leading manufacturing enterprises who doubt, and gravely doubt the benefits of Protection to their particular Industry.

And now we come to the Manifesto of the Canadian Manufacturers' Association presented to the Tariff Commission at Winnipeg. It is one of the most amazing documents ever produced. It is self-contradictory in a hundred places—it is absurd in others. It looks as if it were dictated but not read. It is the easiest thing in the world to get a manufacturer to write a speech in favor of Protection—it is the hardest thing in the world to get him to read it after he has written it. If he read it he would become conscious of its obvious contradictions.

### **It Can't Be Done!**

For instance this statement tells us that the total agricultural product of Canada is approximately \$2,000,000,000. Of this, so says this document of the Manufacturers, 80 per cent. is consumed at home. Alright, let us apply some simple arithmetic to this. There are approximately 8,000,000 people in Canada so that on an average, every man, woman and child consumes \$200 of home-grown products, that is, a family of four will consume \$800 worth. Supposing we take the average wage of a worker in Canada as \$1200 a year—that seems like a fair average wage. Now how does it work out? After paying for the home grown farm produce necessary for his family, according to the statement of the Manufacturers' Manifesto, he would have \$400.00 left but a great deal of the food required by the average individual is imported, so, out of this \$400.00 he must pay for the share imported, pay rent, light, heat, clothing for a family of four, street-car tickets, an occasional Moving Picture Show, a small donation to the Church and a limited allowance for the campaign fund of the National Liberal Conservative Party of Canada, the party of Adequate Protection and the full dinner-pail—said dinner-pail bear-

ing a protective tariff of somewhere around 30 per cent. for the benefit of an Eastern manufacturer. No language of mine can describe the utter absurdity of such figures as those produced in the document presented to the Tariff Commission by the Canadian Manufacturers' Association at Winnipeg. Surely I am not unfair when I say that these men have no interest in facts while they treat truth in a purely academic fashion.

### **The Cure Kills.**

The official statements submitted at Winnipeg defines the objects of Protection. They are: One: To diminish as far as possible the importation of goods from foreign countries that can be produced at home." Well we have had protection in Canada for a matter of forty-three years. It has had for its special object the keeping out of American goods in order to develop Canadian Industry. In 1910 we imported from the United States \$100,000,000 more than we exported to that country. In 1920 we imported \$338,000,000 more than we exported to the United States. I select the years 1910 and 1920 to make the comparison because during the election campaign of 1911 we were told that our very existence depended upon keeping out American goods. Well we have applied the remedy during the last ten years with full force. Our adverse balance of trade is now over three times what it was then. If there is something wrong with you and you call in a physician and at the end of ten years you are three times worse than you were when you called him in, despite his constant attendance, don't you think it would be wise to get another physician or at least call someone else into consultation?

Two: "The object of Protection is to facilitate the importation of raw material for manufacturing

purposes which cannot be produced at Home." So says the Manufacturers' Association. I agree with this. That is the Free Trade section of Protection. It means that the manufacturer, when he imports, wants to get his raw material at a low price. At that time he is a Free Trader, but it means also, that he wants the Consumer to pay upon the finished product in order that he, the manufacturer, may charge the Consumer a higher price for it. What is one man's finished product is another man's raw material. If it is right to admit the raw material of the manufacturer free of duty it is right also to admit the raw material of the Farmer, free of duty, and that raw material consists of every line of implement, every stick and nail and board that he uses in connection with his business.

Three: "To encourage the exportation of Canadian goods as finished products." This is the third claim of the Protectionists. It sounds well, but, one must remember that prior to the outbreak of the war Great Britain was marketing a larger percentage of her total products, as finished goods, than any other country in the world, apparently, therefore, Protection does not work as its votaries suggest. When a free trade country exports its goods as finished products while the highly protective countries are exporting raw material, it is a pretty fair proof of the contention that Protection does not produce results.

### **The Major Absurdity.**

Four: The fourth claim in favor of Protection is the most absurd of all." It says that the object of Protection is "to make Canada a self-contained country." No Nation and no individual can remain self-contained in a world of ideas and business and yet

become great. The greater the Nation the less self-contained it must become. The greater the man the more his influence must reach out to touch other lives and therefore he ceases to be self-contained. If Jesus Christ had been self-contained he would have remained a simple carpenter in his native village. If Lincoln had been self-contained the slaves would never have heard of the Emancipation Proclamation. If Laurier had been self-contained his name would never have been known outside of his native parish and his influence would never have touched thousands of lives throughout the Dominion of Canada. We grow by coming into contact with others. Nations grow by doing business with other Nations. To become self-contained, nationally or individually, is to seek the road to oblivion. I know of nothing more absurd in all the repertoire of absurdities peddled by Protectionists than this suggestion of making Canada a self-contained country.

### **Give Providence Some Credit.**

The next argument of the Protectionist Manifesto is to take everything that exists in Canada and to attribute it all to Protection. They give the average value of lands, the total value of field crops, the total exports, the production of wheat, the paid-up capital of the chartered Banks, the fish in the sea, and the minerals in the bowels of the earth and the amount of life insurance carried and the total value of the fire insurance in force, and they say all these things are due to Protection and none of these things would have existed if we hadn't had the original National Policy. Providence did nothing for us—Protection did it all.

It is almost impossible to treat these statements seriously. But the believers in Protection take them seriously. They are spending thousands of dollars in newspapers, in pamphlets and in advertising for the purpose of telling this story from one end of Canada to the other. But the crops of wheat would grow just the same if nobody had ever heard of the Tariff on self-binders. The minerals would be brought up out of the earth even if Customs duties failed to make dear the machinery with which men work. Banks would also be necessary if the idea of Protection had never been born. In fact some years ago, while the Tariff Reform Agitators were carrying on the propaganda for Protection in Great Britain, the bankers of that country signed a memorial stating that the application of a Tariff would be a serious injury to the Banking business and that Great Britain's position in the financial world was largely due to freedom in trade.\*

Perhaps the Protectionists may argue that there would be more life insurance and fire insurance under Protection. Possibly that may be true. When a man has found out what the Protectionist manufacturers can do to him, it may to a certain extent put the fear of the Lord into him and thus induce him to go out and take on a little more life insurance or a little more fire insurance.

The Protectionists go on to say that certain experimental farms have been established. The Dom-

\*Great Britain's marvellous recovery since the War and the prominent position she is taking in the commercial affairs of the World is at once a puzzle, and in some cases, almost an annoyance to the Protectionists. After the most titanic effort ever made by any Nation, in any conflict, in all history, Great Britain stands first of the major belligerents in the rapidity of her recovery, and remember, she is doing this under conditions of Free Trade.

inion Government has erected elevators and that railways have been built to move the grain, and I suppose all these things are to be attributed to a Protective Tariff. Shockingly neglectful upon their part was it when they failed to point out, that the Rocky Mountains still continue to attract a considerable number of tourists and that the Bow River still flows onward in its course to the sea.

### **Even Protection Profits From Free Trade.**

The figures are also given which show the increase of livestock in the Prairie Provinces. In a moment of temporary aberration the compilers of the Protectionist Manifesto have no doubt forgotten that the duty was taken off live stock entering into the United States and that the duty upon live stock entering into Canada has been suspended from year to year so that the increase which has taken place in our live-stock Industry has taken place under practically free trade conditions, and, this is only natural. The history of the live stock industry, throughout the world, reveals the fact that the broader the market the greater will be the development of the Industry. The Live-stock Industry requires not only fair prices, but stability of prices and the more our producers of live-stock have access to the markets of the world, the greater will be the stability of the market and the more rapid will be the development of the Industry.

### **Let Us Grow.**

To sum up, then, the argument of the Manufacturers in their official statement, it amounts to this. They show certain developments in Canada which can in no way be attributed to Protection—also they

exhibit certain figures which go to show that industries which have recently enjoyed the removal of Protection have made exceptional progress, and finally, they have published a list showing the number of firms which have passed out of existence in Canada in the last ten years. There is always something gruesome in the argument of a Manufacturer in defence of Protection. He always attempts to bring in a morgue at the end of his argument and instead of proving that industries have flourished under Protection, he always shows that a great many have passed into the shadow of the Great Beyond.

We people of the West who believe in Freedom of Trade ask no favors. Our only request is that we be let alone. We are conscious of the fact that we have the natural resources, we have the energy and ability necessary to develop the country. We only ask, in the effort to bring about that development, that we shall have a certain measure of freedom of opportunity and we believe that freedom of trade would help and that it would prove no small factor in developing, not only our agriculture, mining, fishing and lumbering, but that in the end it would prove very beneficial to our manufacturing as well.



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