

CANADIAN DEVELOPMENT UNDER NATIONAL POLICY

Under the stimulation of protection there has been a remarkable development in the Canadian tobacco industry in the last twenty-five years. Speaking before the Tariff Committee at Quebec, Mr. Jos. Picard, Manager of the Rock City Tobacco Company, pointed out that twenty-five years ago practically all the tobacco used in Canada was foreign-grown, imported either in the leaf or in manufactured form, while the production of raw tobacco in Canada was very small. In 1897 in addition to the excise stamp tax in effect at that time, the Government imposed a duty of 10 cents per pound on imported leaf. Under the encouragement thus afforded, Mr. Picard said that the amount of Canadian raw leaf taken for use in tobacco and cigar manufacturing plants in the Dominion increased from 555,684 pounds in 1896 to 5,572,187 pounds in 1909, while the amount of foreign raw leaf taken for use in the same factories advanced only from 10,773,741 pounds in 1896 to about 15,000,000 pounds in 1908. In that year, the import duty on foreign leaf was increased from 10 to 28 cents per pound, with the result that the amount of Canadian tobacco taken for use in the Canadian tobacco and cigar manufacturing plants increased from 5,572,187 pounds to 10,848,385 for 1914; while the consumption of foreign leaf increased only from 15,000,000 pounds to 18,775,803 pounds in 1914. In 1918 the duty on foreign leaf was still further advanced to 40 cents per pound. Under the stimulus thus afforded to the Canadian tobacco growers by the tariff, production has been tremendously enlarged. From practically nothing twenty-five years ago, the production for all Canada increased to about 22,000,000 pounds in 1919. Estimates for this year place the production of burley tobacco in Essex and adjacent counties in Ontario between 19,000,000 and 20,000,000 pounds, with between 1,500,000 to 2,000,000 pounds of tobacco of the Virginia type. The production in the Province of Quebec is estimated this year at about 12,000,000 pounds, all of the cigar type. The Canadian tobacco crop last year was in excess of the requirements of the Canadian market and this year again there has been a large over-production, unless the use of Canadian leaf is greatly extended. As a result of the protection afforded to the Canadian tobacco grower, he has been receiving approximately 10 cents per pound more for his product than the grower in the Southern States gets for tobacco of similar quality, and last year the value of the Canadian tobacco crop was estimated at \$9,000,000. The consumption of tobacco in Canada at the present time is approximately 35,000,000 pounds a year.

factories of United States firms, Mr. O. H. Cote, Industrial Commissioner of Quebec city, told the Tariff Committee that since his appointment in April last he had communicated with no fewer than 30 different manufacturing firms in the United States desiring to locate branch factories in the Province. "It is an admitted fact today," he declared, "that the American industries which are looking forward to establishing branch factories in Canada are forced to do so owing to the protective tariff now existing. If we want our American neighbors to continue the movement started some time ago and come to Canada and establish branches of their factories, the admitted reason for their doing so must not be removed."

A concrete example is furnished by the Julius Kayser and Company, Ltd., of Sherbrooke, Quebec. This branch of the New York company of the same name was established in Canada in 1914 and now has an investment of approximately \$800,000 in Sherbrooke where it is operating two plants manufacturing silk gloves, hosiery, and chamisettes gloves. Their representative, appearing before the Committee, said: "The tariff was the determining factor in bringing our industry to Canada, and had it not been for the Canadian customs duties it would have been to our advantage to have supplied the Canadian market from our factory in the United States. In addition to our plants, another large branch of an United States silk manufacturing concern has been brought to Canada and is now operating at Niagara Falls, Ont."

TARIFF DOES NOT BOOST PRICES

Refuting the contention that Canadian manufacturers' prices are determined by the amount of protection which they enjoy and not by costs of production, Mr. F. W. Stewart, President of the Montreal Branch of the Canadian Manufacturers Association, appearing before the Tariff Committee in Montreal, said: "A careful study of prices of goods made in Canadian factories as against goods of similar quality and standard in other countries, will prove that Canadian manufacturers have not taken advantage of the tariff to mark prices on their product as high as possible. Investigation will show that selling prices of variously based upon cost of production. Competition if nothing else, would control this condition."

High prices curtail volume of business, Low prices stimulate and create larger sales, Larger sales mean greater production, Greater production means lower cost of production, Lower cost of production means lower prices.

"Production and more production is what all manufacturers strive for, for it means placing the manufacturer in a better position to meet competition. With the large number of industries in Canada, and small population to consume their output, every manufacturer must fight hard for the business he secures, and statistics will show that a very considerable percentage of manufacturers who start in business in Canada do not survive on account of not being able to profitably meet competition. We wish to emphatically refute charges made in certain sections of our country that prices of products of Canadian factories are regulated by the tariff and not by cost of production, and we beg to draw attention to the fact that, after circulating these charges for many years, those who made them did not produce evidence in support of their statements at any of the previous sittings of this Commission."

In conclusion, Mr. Stewart said: "The manufacturing interests of the city of Montreal reaffirm their conviction that the prosperity and continued development of the Dominion will be safe-guarded and advanced by the maintenance of adequate tariff protection for the manufacturing industries of this country. They believe that protection which is not high enough to be effective is worse than useless. They base their case for continued protection, not on individual, but on natural grounds and unreservedly accept the principle that any tariff item which cannot be justified on national consideration ought to be eliminated. But they also believe that the principle ought to work both ways and that in case any present duties are found to be inadequate to promote

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the development of desirable industries, such duties should be increased. What is best for Canada is best in the long run for the manufacturers, as it is also best for every element in our population. As you undertake your revision of the tariff, we ask nothing more than that such revis-

ion be dominated and directed by the question, "What is best for Canada?"

MONTREAL AGRICULTURISTS ALL PROTECTIONISTS

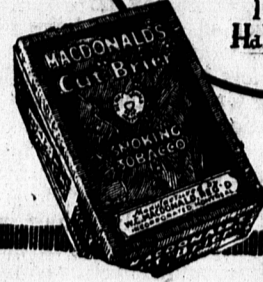
The economic relationship which exists between agriculture and industry was emphasized at the hearing of the Tariff Committee in Montreal when Mr. Jack McAvoy, speaking for over 3,000 members of the Market Gardeners' Association of the Province of Quebec appealed against any reduction of the tariff on vegetables, fruit, and early products of every kind produced in Canada. "We realize," he said, "that the presence of industrial workers in Montreal is essential to our existence, and we believe likewise that our activities in our market gardening in the vicinity of Montreal are beneficial to the industrial workers by giving them better and fresher vegetables at lower prices than they would have to pay were we not operating as we do."

"Before 1907 market gardening had made very little progress in this vicinity with the result that city consumers had to depend to a great extent upon importations to furnish their requirements. As the Commission is aware, the tariff revision of 1907 placed a duty of from 20 to 25 per cent on vegetables and market gardening

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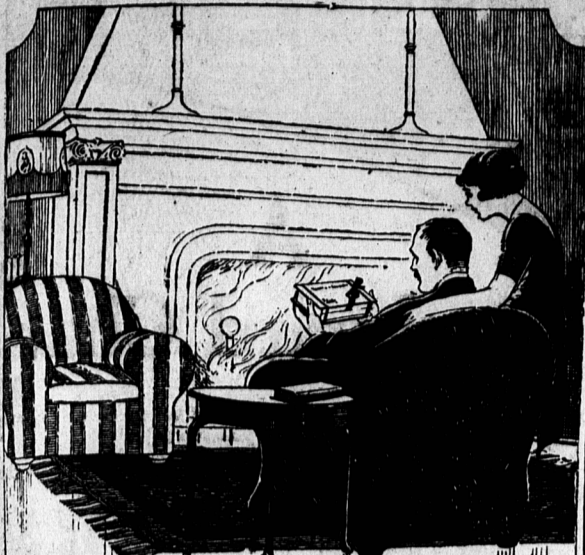


The Tobacco with a heart

products generally. Immediately after this was done a marked development commenced to take place, and at the present time there are in this vicinity 3000 market gardeners who employ 15,000 farm hands during the entire year and 75,000 during the busy season.

They have over \$1,000,000 invested in hot houses, over \$1,500,000 in hot beds, and over \$800,000 in the rolling stock necessary to market their output. There are rarely fewer than 700 market gardeners' rigs

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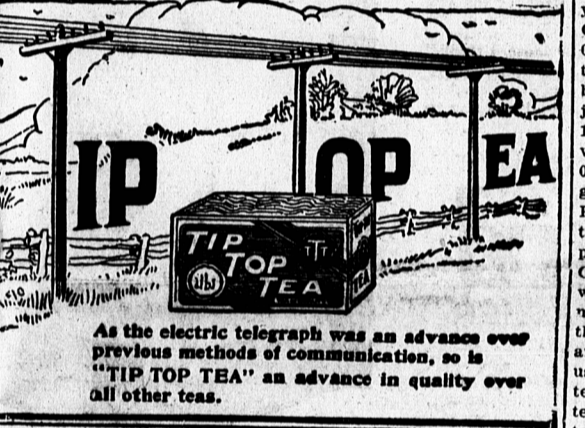


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