

CHALLENGE OF BUDGET MADE BY T. A. RUSSELL IN SPEECH AT MONTREAL

Asks if Industry, Capital or Employment is Secure if Tariff Changes be Made without Investigation—Declares Auto Business Cannot Survive Under Lowered Duties.

Montreal, April 26—"Can any industry survive under a duty of 20 per cent. when the duties on its raw materials run from 25 to 35 per cent.? Is industry or capital, or employment secure if changes like this can be made without investigation, and especially when a Tariff Board has been specially created just for the purpose of investigating and reporting on such problems?"

The foregoing challenge of the King Government's Budget proposals was hurled by T. A. Russell of Toronto, President of the Automotive Industries of Canada, in addressing a meeting of manufacturers here today. Mr. Russell insisted that the industry which he represented would not be able to carry on under the new tariff rates, and pointed out the extent to which other industries were dependent on the automobile trade.

Recognizes Government Difficulty.

"Although the subject touches me very deeply, and affects the welfare of several hundred people for whom I feel in the position of a trustee, I hope to discuss the subject dispassionately and in a spirit of fairness," he said. "I recognize the difficult position of a Government faced with demands from a large number of people who have no contact with industry, and who are anxious to purchase whatever they desire in the lowest possible market. It is not easy to always make plain to such people how far-reaching fiscal changes may be or how intricate and interdependent some industries are on one another."

"The industry was established in Canada in a very small way, about twenty-five years ago, and its growth in the last ten years has been very marked. A number of Canadian manufacturers entered the field, but without exception they found it necessary either to retire from the business or to form a connection with one of the large manufacturing companies in the United States."

The British preference on Canadian-made cars, Mr. Russell went on, had encouraged United States firms to open branch factories in Canada.

"Until this development took place the motor industry was not of great value to other Canadian manufacturers. The demand for parts and materials was not great enough to permit the Canadian producer of materials to make satisfactory prices. On the other hand, the motor-car manufacturer could get much better service from the United States firms making the same goods in the United States, who were able much more quickly to respond to increases or decreases in requirements than was possible with any Canadian manufacturer."

Rapid Business Expansion.

"The development of the export trade and the steadying of output throughout the year changed this situation, and the last two or three years has seen a rapidly expanding business on the part of various manufacturers making a wide range of articles for the motor industry, until now the number of men outside of the motor-car factories in other lines of business making parts for the motor industry is as great as the number actually engaged in the industry, the numbers being approximately 11,000 in each case, or a total of 22,000."

"The car manufacturer has been interested in encouraging the growth of businesses in Canada to supply material and parts, because it has enabled him to meet the requirements which are gradually becoming stricter as to percentage of Canadian product required in the importing countries in order to entitle to the preference. Hence the interest of the car maker and the parts and material maker have been identical—each interested in the development of the other. The car industry, to succeed, needs the parts maker, and neither can succeed either upon the domestic business alone or upon the export business alone. The two are absolutely essential if a successful business is to be maintained."

Trusted Pre-Election Promises.

"The car manufacturers were aware of an agitation for lower duties. They relied on the promise made by the Prime Minister before the last elections, and also on the assurance given in the Speech from the Throne, that tariff matters would be referred to a Tariff Advisory Board before action was taken. Nevertheless, they prepared the information with regard to their industry and made representations to the Government, asking merely that the industry receive full in-

vestigation at the hands of the board, and offering to lay fullest possible data before the board, either in total or in respect to the individual companies. We were prepared to rest our case on its merits, and urged strongly that no action should be taken without proper investigation, because not only was the industry large and important itself and giving employment to thousands of people, but it drew on so many other lines of industry for its raw material that changes will be very far-reaching in effect.

"Despite these representations, the Budget was brought down on April 16, announcing reductions which were startling to the industry; and under the present proposals it is the considered opinion of those engaged in the industry that, outside of perhaps one firm, it will not be possible for the industry to survive in Canada."

Why Industry Cannot Survive.

The question is at once raised. Why cannot an industry survive with 20 per cent. protection, and why have cars cost as much in Canada as they have? There is an impression that the motor industry has been, up to this date, protected by a duty of 5 per cent. Nothing could have been more misleading than the impression that a 35 per cent. duty on motor cars meant a protection to that industry of 35 per cent.

"The motor car, to an extent perhaps not equalled by any other industry in Canada, uses not only the important raw materials, but the finished products of a wide range of industries. Many of these products are as yet not commercially produced in Canada. In 1925 the domestic production of motor cars amounted to \$67,000,000 in value. If all these motor cars had been imported at 35 per cent. duty, the duty so collected would have amounted to \$17,000,000."

"On the other hand, the motor car manufacturers themselves paid in duties, less the drawbacks they received, over 7,400,000 in duties. Parts makers, from whom we received data, paid \$1,250,000 more, and a conservative estimate establishes that the car manufacturers and those supplying material and parts to them paid to the Government \$10,000,000 duties as compared with a gross duty that would have been collected had the cars been imported, of \$17,000,000."

Ultimate Rate of Duty.

"The protection to the car industry, therefore, was not the \$17,000,000 afforded by a 35 per cent. tariff, but \$7,000,000, which works out at 14 per cent. The other 21 per cent. was actually taken by the Government itself from the manufacturers in the shape of duties they paid on the raw materials they imported. The duty has now been reduced to 20 per cent. on the class of cars which are mainly manufactured in Canada, namely, those which retail at \$1,200 and under. No changes have been made in the duties on material and parts other than the provision that a drawback of 25 per cent. of the duties will be allowed if the car is 50 per cent. produced in Canada."

"It is obvious from the foregoing that where the protection amounted to only 14½ per cent. for the car manufacturers and the duty has been reduced 15 per cent., the whole of the protection has been wiped out, and the industry is today under the tariff as proposed in the Budget without protection."

Levy of \$207 Per Car.

"I wonder if people realize the extent to which the Federal Government has levied upon the motor car. As I said above, the duties collected in 1925 on materials for manufacture were \$10,000,000. Excise, sales and stamp taxes were collected from the manufacturer amounting to \$7,400,000. So that in respect to these three items of taxation alone, and neglecting all other forms, the Federal Government collected from the motor industry in 1925 \$17,400,000. The number of cars produced by the manufacturers and sold in Canada was 84,000. The result of this was that on every car made and sold in Canada the Federal Government alone levied a tax which averaged more than \$207 per car."

"Now, look at some of the inconsistencies of the present tariff. It has been announced that the duty on a complete body is 20 per cent.; the duty on stampings, which in most cases have to be imported, is 30 per cent.; on upholstery material and on hardware, 35 per cent. You have the curious position that the duties on

THE GRAND FALLS BILLS PASSED THE LEGISLATURE

(Continued From Page 2)

the municipalities. If there was objection to the supervisor collecting the taxes, a special collector might be appointed.

The clause relating to changes in the location of existing highways, was amended to read that "all deeds shall be registered in the office of registrar of deeds for the county in which the lands lie and in the Department of Public Works."

Clause 94 of the Bill, empowering the Minister of Public Works to make expenditures on roads or streets within cities or towns, created considerable discussion.

MR. MICHAUD asked what was the purpose of the section.

HON. MR. STEWART said there had been expenditure made in the past inside incorporated towns and cities, and he did not think that should be done without any authority.

The section provided that assistance might be given in the maintenance of roads or streets outside the thickly populated sections of cities and towns. He thought that all should be used alike. If one place was given assistance the others had an equal right to the same treatment.

MR. VENIOT said there had been two such expenditures as referred to by the Minister of Public Works, one being in Lancaster and the other in Fredericton. The reason assistance had been given in these two places was on account of the large amount of property owned by the province both in Fredericton and Lancaster.

MR. SMITH (Carleton) did not like the section and thought they were establishing a very bad principle. He thought it was opening the door for a lot of trouble. They already knew what had happened with the Lancaster Highway Board.

MR. BROOKS considered the section a good one. The town of Sussex had a lot of trouble in keeping up the main roads through the town, and he thought it only fair they should get some help.

Fredericton Roads.

MR. MICHAUD said Fredericton had been given some assistance on account of it being the capital of the province, and the property of the province situated there not being liable for taxes. He thought the section would lead to trouble.

MR. TAYLOR said if they adopted this section they had no conception where it would end. He could not agree with those who contended that the province should expend any money on roads or streets within the limits of incorporated cities or towns.

HON. MR. STEWART said he was not pressing the clause, but his view was that no assistance in this regard should be given without proper authority. He saw some reason why money should be spent in Lancaster, but not as much as there had been. He considered it a hardship for some of the towns to keep up their roads outside of thickly populated districts. He moved that the section be withdrawn from the bill.

HON. MR. RICHARDS said there were many places where the section would be applicable. Where trunk roads ran through towns it was thought not to be unreasonable to give some assistance to their upkeep.

MR. VENIOT, in reply to Hon. Mr. Stewart, said federal aid was not given for a coast to coast road, but it applied to stipulated highways. The Federal Act strictly prohibited the use of federal money on roads in cities or towns.

MR. AGAR submitted a new section to the bill which empowered the Lancaster Highway Board to license busses or other vehicles for transportation purposes to Duck Cove.

HON. MR. BAXTER pointed out that the idea as contained in the section was all right, but he thought the proposal should have come under the Motor Vehicle Act.

A vote being taken on the proposed section, the amendment was lost.

The bill was agreed to with amendments.

Permanent Bridges.

The Committee took under consideration an Act to provide further for permanent bridges and other works of a permanent character, which was agreed to with amendments.

An Act respecting the funding of motor vehicle fees was next considered.

MR. AGAR asked if it was necessary to incur the large expenditure that was proposed on bridges. They had been discussing economy before the election and in the House and the raw materials run as high as 75 per cent. higher than on the finished article. If this continues, the body maker goes out of business. This is an important industry. The duty on tops—20 per cent.—is lower than on the materials entering into the top. The duty on the chassis is 20 per cent. but if you want to build up the chassis in Canada, make certain units and import others, the duty on the axles is 35 per cent.; on the engine and transmission, 27 per cent.; on the electrical equipment, 30 per cent., an impossible condition.

Relation of Parts and Makers.

"You may say this is all right for the motor car manufacturer, because now he can get his body cheaper, but here is where the curious relation of the parts maker and the car maker comes in. The body-maker loses the domestic business and cannot hold the export business alone. If the body has to be imported instead of being made in Canada the car manufacturer finds himself unable to qualify for the British preference in the foreign countries to which he exports.

proposal in the bill would considerably increase the public debt.

HON. MR. BAXTER said every year practically there were some renewals of bridges and it was necessary to provide for unforeseen expenditures in this connection.

HON. MR. STEWART pointed out that already work had been undertaken in 1925 and not yet completed. Enumerating bridges in different parts of the province in course of construction or contemplated, he said the total required was \$317,913 and this was just a scratch on the surface.

MR. VENIOT said the minister was perfectly justified in asking for capital expenditures on the bridges he had mentioned. He considered it was saving money to bond the province to build permanent bridges.

The bill was agreed to.

On the Committee rising the bills under consideration were reported to the House, ordered to be engrossed and read a third time tomorrow.

Supplementary Estimates.

The House went into Supply with Mr. Squires in the Chair and passed the Supplementary Estimates as follows:

Supplementary Estimates of the Sums Required for the Services of the Province, Not Otherwise Provided For, For the Current Year.

Minto Coal Commission	\$ 2,000.00
Children of Unmarried Parents Act (Additional)	500.00
The King vs. Steam Ship Walsingham	3,500.00
Public Works—Steam Navigation Subsidies (Additional)	3,000.00
Subsidy to Steam Ship Premier (Additional)	800.00
Painting Steel Bridges	20,000.00
Agriculture—Moncton Exhibition	100.00
St. John County Agricultural Society No. 51	200.00
Health Department—Tuberculosis Survey	1,000.00
St. John County Hospital, patients without domicile (Additional)	2,000.00
	\$33,100.00

Government House Trust Fund:

Investment on Securities in which this fund is invested to be paid to the Lieutenant Governor toward maintenance and upkeep of Government House and grounds, as provided for by Act 11 George V., Chapter IV., from such investment to end of financial year (31st October, 1926.)

HON. MR. BAXTER moved that the third reading of the Act respecting the Amendment to the Workmen's Compensation Act be rescinded and discharged.

HON. MR. BAXTER moved that the third reading of the St. John Assessment Act be rescinded and discharged and reported back to the Committee of the whole House for further consideration.

Adjourned at 12.10.

SCHILLER IS RESCUED FROM PLUS FOURS FAD

Berlin, April 29—The Anglo-American experiment of garbing Shakespearian actors in knickerbockers or evening dress cannot be applied to Schiller, in Germany, Dr. Leopold Jessner, Director General of the Prussian state theatres in Berlin, has ruled.

One of his producers, Dr. Piscator, was intrusted with the task of bringing out Schiller's "The Robbers." Fritz Kortner, a favorite star, was to play the role of Franz von Moor, oldest son of a mediaeval Count. But when the producer prescribed that he wear knickerbockers Kortner went on strike.

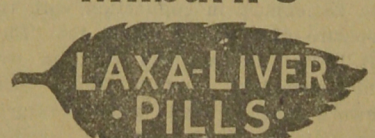
He pleaded with Dr. Jessner who though known as a modernist, agreed that Franz von Moor in knickers was more than any serious actor could stand. As he did not want to lose Dr. Piscator, however, it was agreed to drop Schiller's drama altogether.

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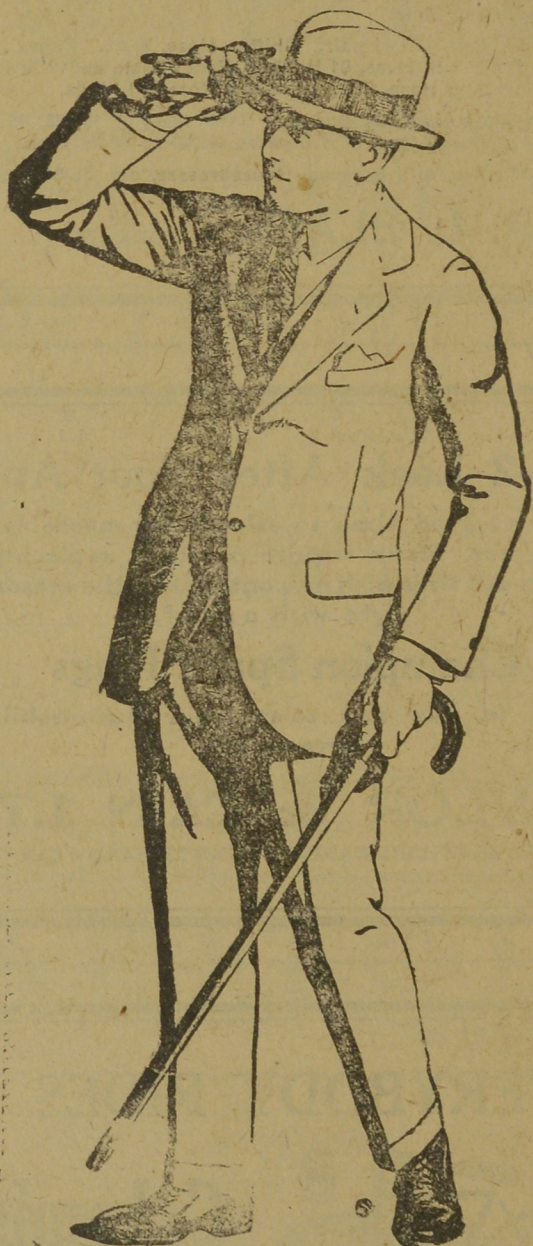
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