

(January 15th, 1917.)

How Canada Must Pay for the War

By A. C. FLUMERFELT.*

AT a regular luncheon of the Club held on 15th January, Mr. Flumerfelt said:

Mr. President and Gentlemen of the Canadian Club of Toronto.—I feel myself honored to have the privilege of appearing before such a distinguished and I know aggressive and progressive body of business men. For some months I have been endeavoring to preach through the different parts of Canada a gospel with which I think you will all agree, the principle that all real wealth must come from the ground. A little, of course, comes from the sea, but speaking broadly, the wealth of any nation is derived from the soil.

I take the position that we can never be permanently prosperous until we are populous, and we cannot be populous unless we cheapen living, and it is impossible to cheapen living except and until we increase our production. And that, gentlemen of the Canadian Club, is my message to you this afternoon. And I will endeavor to point out in the few minutes allotted to me the debts that Canada has, and, I hope, to show that the only way these debts can be met and this obligation liquidated will be by increasing our production.

Now, in the first place, we have the question of our enlistments. These men who have gone from us, from the Atlantic to the Pacific, will come back to us as a definite, distinct liability. Many of these men will be unable to follow their former vocations, and many of the positions in which they were occupied will be non-existent. I shall endeavor to point out how some of this difficulty can be met, and leave to your imagination the working out from your own minds of this particular, big, splendid national problem. And if I can impress upon your minds the thought that is in my mind, and if we get our wills working, we shall have accomplished something. And in this connection I am most anxious that the papers should criticise me, not that individually I care a but-

*Mr. A. C. Flumerfelt is a Canadian of very extensive interests. As a citizen of Vancouver he is particularly interested in the development of the West. He has, however, studied closely the problems of production and population in all parts of Canada.

ton, but "words are living things and a small drop of ink falling like dew upon a thought produces that which makes thousands, perhaps millions, think."

Coming to the first point, I have to say that we shall have a very heavy pension fund. Various estimates and tabulations have been made in the Press, but from my point of view, making the best calculations I can, I think the pension fund will reach somewhere about \$25,000,000. According to the best statistics available and the calculation of the Federal Government, the percentage of soldiers and their dependents to be taken care of under the pension fund is something as follows: Killed, 15%; totally disabled, 3%; seriously injured, 6%; slightly injured, 9%; and based upon the figures upon which the Department is making disbursements, it will cost the Government, for each 100,000 men, \$5,184,181 per annum. Now, assuming the full complement of 500,000 is secured, the total annual outgo for pensions, upon the present basis, will aggregate \$25,420,905. In addition to the foregoing the public expenditure in respect of the war at the present is roughly one million dollars per day. Should this conflict continue for another year or more, it is not unlikely that we shall have a public debt of \$1,000,000,000.

In passing, let me say that at the close of the Civil War in the United States the pension fund was fifteen million dollars; while in 1914, fifty years after the war, when most of the men who had been in the fighting had passed away, the pension fund was ten times as great, and now it is \$172,000,000. And when I tell you that for years the expenditure on this pension fund has been growing and growing, and hundreds of thousands of dollars are paid out for medical examinations you will realise that we must be wide awake respecting this matter, and see that proper legislation is enacted, and that our pension fund is not made a political football in the Dominion of Canada.

Then I would call your attention to the accumulation of the Dominion's public debt in the years from 1867 to 1914, aggregating \$378,000,000. Since that time the Dominion Government has voted \$412,000,000 for general purposes; therefore it is fair to assume that if the expenditures go on at the present rate, we shall soon have a debt of \$1,000,000,000. You may be interested to know that the net debt of the United States is only about one billion dollars. Of course, this would not be a net debt on the Dominion of Canada, because there are a great many assets. But including the interest upon this, together with the annual cost of administration of government, and estimate that it will take annually \$100,000,000,—

that is, pension fund 25 million, interest 50 million, and maintenance of government 25 million,—a very serious charge upon the Treasury of the Dominion. Now, gentlemen, that must be provided. The question is, how are we going to provide it? My answer is, there is only one way of providing it, namely, production.

Again, we have a very heavy obligation with respect to our railways. In 1886, when the Canadian Pacific Railway was completed, we had 12,184 miles of railway; the obligations outstanding then, in stock, bonds, and debentures, were \$486,501,254, or a capitalization of \$39,921.31 to every mile; at the end of 1915, we had 35,582 miles of railway, and the aggregate debt per mile had increased by one-third, to \$52,717.07 per mile. Between these two years the capitalization of these two railways had increased over one-third. This, gentlemen, is an obligation Canada cannot avoid. We are obliged, whether we will or not, to pay interest upon outstanding securities and to lay charges upon the business in the country to carry on these enterprises. You will be interested to know that in 1886 the obligation rested upon 420 people to the mile, calculated upon a population of five million; while to-day it rests upon the shoulders of 205 people per mile. This obligation we as Canadians cannot afford to ignore. We must be prepared to maintain it, and how are we going to maintain it? No other way except by increased production.

Canada cannot disregard the moral obligation for the continuous operation of her railways, for three definite and distinct reasons: first—by the granting of the charter the world is informed that the company is justified and that its objects are within the possible; this obligation is increased by the second thought, viz.: that the Government specifically endorses and confirms the selection of the right of way for such railway; and the third point is even stronger: the world is informed that the Government of the country approves of the company and its right of way, and justifies the existence of the railway by large guarantees, cash subsidies and land grants, and to my mind this moral obligation cannot be evaded. Railway transportation is said to be the sap of the industrial tree of any country; it is the speedometer of all industry; it is the regulator and distributor of all production, and therefore its stability, its prosperity and its development have a very profound influence upon any nation. Recognising the financial obligation—the people's money already invested—and the relation of population to railways of Canada, trade must be so developed and commerce so strengthened as to

enable the different transportation companies to earn the interest upon their outstanding securities. Otherwise, as I have already hinted, the moral obligation must be assumed and some other method devised whereby such charges can be met. We must so direct enterprise as to maintain business at the high water mark. Otherwise, what will result? If the Dominion of Canada is obliged to assume this obligation and carry all this load, it must simply go back and be a charge upon all industry and commerce. My answer is, the only way to minimize this danger is by increased production.

And further, it will interest you to know—I have taken some time to tabulate this, but it does not affect for the moment the main problem,—the guarantees of Canada to railways, except the Intercolonial, which is not in this calculation, aggregate \$290,115,972; grants in bonuses, subsidies and cash, \$301,916,639; loans by the Dominion Government, \$68,000,000; acreage of land given to these different systems, 43,613,949 acres. You will find that there is a billion dollars of Canadian money invested in these railways. Surely it is worth everybody's consideration that this should be preserved. How can we preserve it? I again emphasise, by increased production.

Now, gentlemen, I should like you to consider the question of population. This map shows that a line drawn north and south passing through the city of Peterboro' divides the population of Canada about equally into halves. Between Peterboro' and Hamilton you find one-eighth of the population residing, between Hamilton and Port Arthur another eighth, and one-fourth from there to the coast. You know the proportion of the production of Canada east of Peterboro'. But I am told you have thousands of acres alone between here and Peterboro' that are lying idle, and I know there are millions of acres in the Province which are non-productive. This ought to stop!

Notwithstanding that fact, I call your attention to the fact that with seven million population we have, for the year ending 31st March, 1916, produced in agriculture for export \$250,000,000 worth. And I direct your thought to the fact that with so sparse a population there was sufficient production in Canada for such export, together with maintaining ourselves in a good degree of comfort and luxury. I will ask you to look at this map of Canada that represents the land under cultivation and what is not cultivated. Of course I won't say how much of this land ought to be cultivated, but we should endeavor to bring a much larger proportion of it into productive state, and we can do so if we lay the foundation

properly, wisely, deliberately, and we must keep it thoroughly British in every part.

Enough said of population for the moment. Now in 1913,—and I take '13 as an average year, and shall speak of '13 generally in speaking about production—in 1913 one-sixty-eighths of the Dominion of Canada was under cultivation. It produced, including animals and cheese, \$1,015,000,000. We produced a variety of grains, as you know. I want to have set aside for these returning soldiers, as a first consideration, 50,000,000 acres. And if you take 33 million acres out, presently under cultivation, and add to that, as I proposed to the Government, and am insisting in season and out of season, the 50 million acres, and cut the remainder in two we still have over a billion acres. Cut that in two, and cut it in two again, and you still have two or three hundred million acres or more available for cultivation.

The three prairie Provinces of Alberta, Saskatchewan and Manitoba alone have a combined area of 485,000,000, and in 1913 there were under cultivation 19,033,000 acres. Assume thirteen times this area were under cultivation, (which would then represent only 246,495,600 acres, and about one-half the total area of the three Provinces), and that the yield per acre were approximately the same as for 1913, it would represent 2,720,406,000 bushels of wheat, 3,151,369,000 bushels of oats, and 403,780,000 bushels of barley, in addition to a large quantity of flax and mixed grains. The International Institute of Agriculture published, in October, 1914, the total production of grains to be as follows: wheat 2,697,000,000 bushels, oats 3,286,000,000 bushels and barley, 1,164,000,000. Thus a little more than half the area of the three prairie Provinces, if put under cultivation, could produce approximately the same as the total of the whole world yield for 1914. Within my memory the most sanguine did not believe that wheat could be grown even in the vicinity of Moose Jaw or Regina, but increasing knowledge, together with the development of dry farming and the application of irrigation, has fully demonstrated that within the areas hitherto considered unsuitable or incapable of producing various grains, also at such points as Fort Vermilion and Chippewyan Mission, Fort St. John, in the valleys of the Peace and Smoky Rivers, and in the prairies west of the Smoky River, crops have been successfully grown. Away above the 60th parallel, in the region of the Great Slave Lake there are thousands of acres, probably a million, that will grow wheat. In the Peace River Valley, to which the McArthur Railway goes, there is a block of land which has grown wheat for seventy-five years without a failure. Away up

toward the Arctic Circle, vegetables are grown in abundance. Who can say what proportion of this is suitable for cultivation? These acres the Government ought to open to the settler. And we must make this land productive. And I again repeat, we can never be prosperous until we do increase this production.

We pose as an agricultural country, we are supposed to be primarily an agricultural country. Yet we produced last year, or rather in 1914, 14,200,000 pounds of wool. In the same year we imported from the United States for slaughter 131,931 sheep (to say nothing of imports of mutton from Australia), and also imported 9,516,579 pounds of wool, or about two-thirds as much as is produced in all Canada. Our duty to ourselves and the Empire is plain in this particular respect, as the London *Statist* estimates 36 pounds of new wool per man is needed per annum; therefore the British market will require 180,000,000 lbs., or 60,000,000 lbs. in excess of the total British production. Why should we not grow our own wool? Again, we consumed in 1916 700,000,000 lbs. of sugar; we raised 37,000,000 lbs. Yet all the way down through Ontario, along the St. Lawrence River, in Manitoba and in British Columbia, beet root will grow, and you can grow 18/20 tons to the acre. Cultivate and put this product into factories at a cost of \$35.00 per acre, and get \$6 or \$7 per ton for it, and you can grow sugar profitably. Why not grow our own sugar?

Why should we, the Canadian nation, be importing dried eggs from China, and eggs from Texas, vegetables from the United States, apples and butter from Australia and New Zealand? Is there any reason? Well, I will show you the reason, gentlemen. (Producing a chart indicating the distribution of urban and rural population). There is the reason. Just take a look at that map. Too many people in our cities. Forty odd per cent,—forty-six I think it is approximately—of the people of Canada are urban. That is the reason we are obliged to buy so many and so much of the necessaries.

A few years ago—four or five—we were exporting from 30 to 50 million eggs per annum to Great Britain; in the winter of 1912-13 we imported from the United States 24 million eggs, paying duty of \$60,000; and we are to-day importing from one to one and a half million eggs monthly. Great Britain imports about two and a half billion eggs, and that market is open to us. The poultry of the United States, one of the greatest industries—it stands third or fourth—aggregates in value about three hundred million dollars per

annum. It is possible for us to produce and grow all these things necessary to our maintenance.

Now, gentlemen, in 1913—I go back to that as an average year—there were nineteen million odd acres under cultivation (19,033,000) in the three prairie provinces of Manitoba, Alberta and Saskatchewan. There are in these combined provinces 485,000,000 acres. But taking the crop of 1913 as a basis, as it was an average crop, and if you multiply by thirteen, or in other words put one-half of the area, as ordinarily productive, under cultivation, and it produces the same average yield, you will have as many bushels of wheat, oats and barley as are grown in the entire world. These tables and calculations of acreage, gentlemen, can be confirmed; I could give you the details, but I can't afford to take the time. Now, assuming that we have the same population, with additions in Western Canada, the grain is being increased, the hopper is being increased, but the spout is the long haul by rail, and it is not increased. This is a necessarily divided country. All the grain grown west of Swift Current can and must be shipped by way of the Pacific. That means developing the country, giving these people mills in which this business is produced. That means more business for all the manufacturers in Ontario. It means more boots and shoes, more clothing, more sets of furniture, more articles of all kinds from all these busy centres. These are the results it will bring about, results making for the continued and permanent prosperity of our manufactures, particularly if we have our own people. This we are not doing, in many cases.

This will also develop a merchant marine on the Pacific. I am proud to say that a gentleman sitting here is one of the pioneers in building ships in the West. Now there are twelve vessels under construction in British Columbia ports. These vessels are calculated to carry about one and a half billion feet of lumber, and have auxiliary power, built to take advantage of the weather as well as to use power. We hope and expect in the not distant future to double our lumber cut, by reason of the vessels we are building in British Columbia. If we increase our lumber cut by one billion feet and double our wages, that in turn will flow back here for boots and shoes, clothing, and so on.

This opens up again a very important subject: have you studied, are you giving consideration, to the wonderful opening of the Pacific doors by reason of the development of the great nation of Japan? She stands ready to-day to take millions of dollars' worth of goods from Canada, if we had

the bottoms to carry the same. And have you given consideration to the openings of great trade with Russia? Hitherto Russia's trade has always gone by the Black Sea and the Baltic. Asiatic Russia, however, borders on the Pacific, and a large part of the trade of that territory enters preferentially by way of Vladivostok. One order given to a firm in Toronto is for 18,500 mowing and reaping machines to go to Russia, the biggest single order yet given. This indicates what we might get of that trade once it is opened up. The Americans will do their utmost to cross the Pacific in order to get that commerce into their hands.

Then, gentlemen, they grow no fruit in Russia. Canada should supply the whole fruit consumption of that great country if we had the vessels to carry the trade. Then, too, they want all classes of iron work, engines, boilers, and so on. There is a great trade at our doors, if only we take advantage of it, if we develop a Pacific marine, and we must have it; we can have it, and we cannot expand without it.

Coming down to the concrete problem, Canada has a three-fold duty: we must keep open door to all who will come within our borders; we must have a broad, liberal splendid, well-regulated immigration policy, such as will bring the right type of men into our country in order to help us build up this great nation. Our second duty is more insistent; that is, we must make every provision to receive in the best possible way, and receive even if at some expense to ourselves, the ex-service British sailor and soldier; but a more insistent duty yet is that we devise some way of recognising the service of those who have gone from our own land to fight our battles in this war. We never can pay them, but we can indicate our appreciation of the boys who have left us and gone across the waters. Gentlemen, let us make the only payment left possible to us, and not be guilty of the most base ingratitude.

My plan is to form a General Commission, headed perhaps by the Federal Government, with representatives of all the Provinces. This general plan would provide for every man, and would be carried out by the Government. These lads never hesitated to go forward and loyally put their bodies between the enemy and us, ready to stand in defence of us and to take what came. Follow their career from Valcartier to Salisbury Plains, on through Flanders, down the crimson lane to Gallipoli,—we have to take care of these men, do not let our Government forget we owe them a debt we cannot pay.

Now, gentlemen, I have a general plan in mind: I want a general, non-political, non-approachable Board formed, which

shall have complete direction and selection of these lands. My plan is to have some lands, contributed or purchased,—I don't care how they are got—in every Province of the Dominion, so that when these boys come back they shall have the right of choice whether they shall settle in the Province of Alberta or Saskatchewan, or in any other Province, and not be compelled to locate in any particular district; but I would give the Board the power of making a selection of the lands for the men. Many of these will be unable to follow their former vocations, therefore I want to give them a chance. I propose that that can be managed if they are settled in communities.

This plan has been suggested to the Dominion Government, (showing a diagram). Instead of roads running around the townsites, have roads running through, grouping the families in the centre. Thus the women would have companionship, and the little kiddies would have playmates. The people could gather together for companionship. Only one-eighth of the machinery would be required to work the land which would otherwise be needed, and the work could be done for one-eighth of the expense. (Showing another chart.) This would represent a settlement of sixteen sections, with eight families to a section. In the middle would be the village, with its butcher shop, clothing store, boots and shoes store, and whatever else would be necessary. There would be the church, and the school. The young men and young women would not be more than one and a half miles anywhere from the centre. From 380 to 400 persons would be grouped within one and a half miles. This plan would overcome and take away the danger of the isolation of farming life, and would give opportunity to have educational, social and religious advantages.

Now just one other word and I have done. There will be a great many of these men who will perhaps be unable or perhaps unwilling to accept the grants of land. So I want this Commission to be empowered to use the land set aside as the foundation for a bond issue, and if, we will say, a great number of artisans can be found, say 100,000 of these men would be artisans who are not able to go back or for some reason do not want to go back to their former vocations, then let the Commission set up enterprises in various parts of the Dominion of Canada such as will not unfairly compete with existing industries. Suppose the Government could say, "All right, we will do this," the Commission could establish great marine works on the Pacific, and on the Atlantic they could be established co-operatively, and this principle would accom-

plish three good results: first, the returned man would be employed; second, he would be in part his own employer; third, it would build up great industries for the Dominion of Canada. You will lose, you will say. But let them lay down vessels to carry the commerce and get the products out of the country; would it be very long till such an industry would enjoy a Dominion subsidy? Therefore isn't it better to give it to your own men? You might go on and establish a sugar refinery; you could produce sheep and grow wool to make clothing. In this way you would furnish employment.

And if we provide a choice of four, five or six occupations, and we can't please a man, we shall at least have made the effort, and there will be no further obligation resting upon us to do what we are unable to do.

I think I have shown you that it is impossible to compensate our returned soldiers in cash, or to pay them with anything we have; but we can at least show them an indication of our appreciation of their heroic service.