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The Canada-West Indies Trade Treaty and its Effects

BY MR. J. GILL GARDNER.

THE PRESIDENT:—Gentlemen, both from the point of view of advancing the mutual interests of the parties and representing a further contribution to the development of the community of interest within the Empire, the Canada-West Indies Treaty must be regarded as one of the most important arrangements Canada has entered into within recent years. Our guest of honor today has been prominently associated with the development of the West Indian trade and in addition with the establishment of the splendid transportation facilities which are so vital a feature in connection with the promotion of the purely trade provisions of the treaty. It will be of considerable interest and value to us today to have discussed the Canada-West Indies trade agreement and I have much pleasure in introducing Mr. J. Gill Gardner who will address us on the subject.

MR. GARDNER:—Mr. Chairman and gentlemen, I feel very highly honored at being asked to be here today and more particularly so when I got a letter from your president stating the eminent gentlemen who have addressed you recently. However, it is very pleasant to know that you are sufficiently interested in this West Indies affair to be willing to listen for a half hour or so to that matter. I am not going to try to make any elaborate speech but I want to picture what the situation is today, the progress it has made and the possibilities in the future for still further success.

When the delegates came to Ottawa I was asked to go there to meet the parliamentary committee, to say some-

thing to them about this West Indies matter and I was asked at that conference what happened to make me so vitally interested in the West Indies. At that time I wasn't a director of the Canadian National Railways. I said there were two outstanding events that made me very much interested in the West Indies. One morning about 9 o'clock in the hotel in Jamaica a gentleman asked me if I would accompany him to dock 23 or 24. I said, "certainly." When we got to the pier we walked through a row of bananas which reminded me of piles of Canadian pulpwood, and about 1,500 negroes were ready to load this boat. My friend took me on the boat and introduced me to the captain. The ship was immaculately clean, marvellously ventilated, but I noticed on the back the Stars and Stripes. About 9 o'clock he came back to the hotel and he said this boat, the *Yoro*, had loaded 51,800 bunches of bananas and cleared at 5 o'clock. He said, "This is the thing that I wanted to bring to your mind. That boat is loaded with 51,800 bunches of bananas. She is an American boat, cleared for New Orleans, and the bananas are to be transported by the American railways to the Canadian border and consumed by the Canadian public." That is that, as Jiggs said when he drove his wife off the pier.

The other incident was in Bermuda. My friends the bankers will probably appreciate this. I had lunch with Mr. Darrow who is the president of the Bank of Bermuda and I asked him a few questions about his bank. "Why," he said, "we keep our affairs in liquid shape. We bought a million dollars worth of bonds last week." "What did you buy?" "Liberties, 4½ per cent." And they could have bought Canadian bonds at 5½ per cent. I said, "Well, are there any alienists in this island. Don't you think you should have your head examined?" But I took the curse off it by telling him it was our fault, not his. We allowed them to keep on thinking that way, but they are not doing it now.

There seems to be a pretty general idea throughout the country that the banana endeavor of this whole treaty, the handling of bananas and marketing, is doomed to failure for the reason—and I am glad to see some fruit

people here—that we will probably find ourselves up against the problem of the severest competition we could possibly have in the fruit monopoly. People have got the idea that in Jamaica, which is the largest banana producing country in the world, producing one-third of the total production of bananas in the world, with a production last year of twenty-four million bunches, the United Company control all the plantations. Now I am going to make a statement here that has not been made and I would like to assure you you can dismiss any doubt as to the inability to get bananas. There was formed, after this treaty became effective, a producers' association, the Jamaica Co-operative Producers' Association, practically sponsored by the government of Jamaica. The Government names the managers of that association. They cannot be removed by the association, only by the government. They passed legislation making it a criminal offence by fine and imprisonment for anybody to break an agreement, and further anybody approaching a grower to break his contract is likewise criminally liable. This association has already contracted with this association for about ten million bunches of bananas, which is fixed and sure. They made contracts with a distributing company who handle, yes, I can say, hundreds of millions of dollars worth of fruit. Canada will use about three and a half million bunches. So that that will only be about one-third of what they have. Now, there are still 6,500,000 bunches to dispose of, and plans are being completed by this same co-operative interest to ship bananas direct from Jamaica to England, and I imagine before the year is out that this co-operative outfit will control half of the production of bananas in Jamaica. They already are well entrenched in Canada and it seems to us that there is not any possible chance of a failure. The Canadian National Railways have had to make elaborate preparations for this. The total transportation of bananas in Canada will amount to approximately 7,000 carloads. Further than that, one of our new ships will carry about 70,000 bunches; that will require at the dock one hundred and fifty refrigerator cars to handle one cargo, and sometimes through the summer there will be two cargoes a week. So the development in

this banana traffic doesn't end with the ships by any means. But we are getting equipped and prepared to handle it and if we have luck there isn't any particular reason why we cannot dump some bananas across the border because there would be nothing to prevent it.

Now I am not going to inflict a lot of figures on you—the Lord knows I have a lot of them here. But I just want to say, before I leave that subject, I have heard some criticism as to why the Canadian Government with their experience in merchant marines wanted to tackle this proposition. Let me read a resolution moved by Mr. Morrison and I will tell you why he did it.

"The residents of the colonies from both eastern and western groups are unanimously of the opinion that it is essential to both these services that some should be operated by the steamers of the Canadian Government Merchant Marine or by steamers under their control and urge respectfully to the Government of Canada that this would be not only in the best interest of the various colonies but also to Canada itself."

On various occasions private interests have attempted to handle the banana business in competition. One of their businesses which they have not forgotten shows that they were intelligent enough to break up a monopoly that controlled them absolutely, particularly the marketing of their stuff. In order to get rid of it they decided to subsidize a steamship company for \$100,000 per annum for ten years and it was supplemented by subsidy of like amount from the British Government. The result was they subsidized Elder and Fife's to carry bananas from Jamaica to England. One day about a year later they woke up and discovered that the United Fruit Co. owned ninety-nine per cent. of Elder and Fife. So they continued to pay the \$200,000 a year for the eight years—ten altogether—to the very corporation that they tried to break. On various other occasions similar payments were made. And that was particularly the government of Jamaica wanted the Government of Canada to handle that traffic. We think that the traffic is going to pay. We haven't any doubt about it. They were reasonably liberal with their subsidies. I think the subsidies amount to about \$235,000 a year from

all of the islands and in addition to that the governments are relieved of \$500,000 a year to carry the mails. We have had four preferences. One introduced in 1898, that wasn't a direct treaty, the British preference came in force and at that time the same preferences were extended to the Island. The next in 1912, 1920 and 1925. In 1898 Canada's total trade with the West Indies amounted to \$2,500,000. In 1908 to \$12,500,000; in 1918 to \$27,500,000; in 1928 to \$45,000,000. And when I say \$45,000,000, there is \$5,000,000 that will be added to it. That is assured because no records are kept of bananas coming in which amounts to over \$5,000,000 a year. That is regarded as trade with the United States—British grown bananas. We hope that next year that trade will be trade between the colonies of the Empire.

I am just going to take these figures and show what has happened since this treaty came into force. We didn't expect that the increase of trade would amount to very much until our new steamship services were in operation because they are all refrigerated and will carry the commodities that they have got to sell Canada, and it was not expected that it would increase very materially. In 1926 the total trade was \$33,000,000; in 1927 it was \$37,000,000; that was after the present treaty had been in force one year. In 1928 we brought these years up to the fiscal period ending July 31, \$45,000,000. An increase of about \$12,000,000. Somebody asked me if I could account for that increase without the transportation and I said "Yes." "What?" "Sentiment, 100 per cent." They realize now that Canadians have undertaken to do something for them and they are all for us in every way. I remember years ago I contracted—I was sober too—that the trade would be \$50,000,000 and I was sure some of our authorities thought I was ready for the lunatic asylum. But there you are, and it will be a great deal more than \$50,000,000.

We hear some people say you have just about reached the limit of what can be done between the West Indies and Canada in trade. I am just going to show you what the possibilities are in the way of increase. We can increase our business with the island 149 per cent. in butter; 360 per cent. in boots and shoes. They have an idea

that nobody down there wears boots and shoes. 323 per cent. in cement. What do you know about that? I showed these figures to Frank Jones and he said, "They are wrong." But they are not wrong. 72 per cent in cheese; 65 per cent in fish (dried in salt), 25 per cent in flour. We have a splendid business there in flour and we pretty nearly have the market. Lard and sides, 365 per cent.; 199 per cent. more lumber. This is supposed to be a lumber country. All we need is salesmen down there. 79 per cent. in milk. And when I speak about milk, I went down to the islands myself to play golf and have a good time, and got tired of it. I was president of a milk company, not that I knew very much about milk, but I talked something about it anyway, and that day I wired to Canada for two carloads of milk and they have agents down there all over the island. Not a bad business. Don't send a representative down there to open accounts or start your business. Go yourself. Conditions are different. When I wired that order up they thought that rum had got the better of me in Jamaica. Well, it didn't. But if one of my representatives had been there and had done what I had done he would have been discharged at once. It was crazy business, but we have never lost a cent. In the islands the development has been splendid. Fine business; fine people; do what you like; but the principal of the company should go down and judge for himself and organize his business. That is a little advertising for our ships.

We can increase our meats 363 per cent. That is just a few items of the possibilities for increased traffic from Canada to the islands. You might ask what are the possibilities of the West Indies selling more to Canada. I think perhaps our fruit people will bear me out. The citrus fruit business of the islands has gone down materially, due to the fact that there has been only one marketing organization really. All they wanted were bananas. They could not handle any citrus fruits. As soon as the West Indies began to grow good citrus fruits the United States put on a tariff prohibiting them absolutely. That is the way to protect your country, I suppose. The consequence is the West Indies oranges grow wild and they

put them in essences. But they can grow better oranges, better grape-fruit in the West Indies than they can in either Florida or California. Last Friday 150 boxes of grape-fruit and oranges landed in Montreal. Col. Brown got hold of the food expert of one of the finest hotels in the City of Montreal and took him down to look at the fruit. He had never seen West Indies fruit. He saw it. He bought the whole thing on the dock. The finest fruit he ever saw. We hope that these services which will be regular will develop that fruit trade and we will probably develop a little more independence in connection with that end of the show.

The British West Indies can increase their sales to Canada 232 per cent. We buy all the coffee that they make, practically. They export 8,711,000 pounds and we purchase 8,436,000 pounds. One item: Oranges. Don't think this is any joke, because it isn't. According to the imports of oranges in Canada the West Indies can increase their exports to us 99,828 per cent. How do you like that? I will give you the figures. We imported into Canada last year 2,131,000 boxes worth \$10,519,000. We purchased from them 2,000 boxes. What do you know about that? And they can grow all of that stuff down in the West Indies. When you begin to think about this thing there never was a situation that could be so beneficial to two parties anything like the situation between Canada and the West Indies. They produce what we have got to have. We produce and manufacture what they have got to have. No conflicting elements in it at all and why shouldn't we be bound together? No reason in the world. I have some very good American friends. When I am talking this way I am not saying anything derogatory about our friends to the south. But sitting opposite me in London recently was the American Consul in England and when I got through I took the curse off it by saying I always considered American people good sports and I don't think they would have any fault to find if we felt justified in doing business with ourselves rather than with anybody else. He said, "You are right." Well, I thought we were.

Here is another thing that is amazing. Canada imported a stupendous amount, 417,000 tons of sugar, im-

ported into Canada last year. The total exports from the West Indies are 280,000 tons, and of that 280,000 we purchased 248,000 tons, practically all of the sugar, and I think we would have had all of it had it not been for the large corporations which do their own refining in England. And that 32,000 tons is about their capacity. So that is the only sugar that went out of the British West Indies that didn't come to Canada. And at that they are 140,000 tons short of supplying Canadian requirements. So that leaves considerable scope for development along that line. It is generally thought that there are only a few items that Canada can sell in any quantity to the West Indies. Now I brought the manifest out of one of our freighters, just chose it out. Flour, cement, lumber, provisions, canned goods, flannelettes, nails, rough lumber, shingles, toilet paper, biscuits, herrings, rubber goods, drugs and so on—just a random manifest. They are all civilized people and there is a great scope to do business down there.

Before I sit down I want to say that if anybody would like to have any particulars and figures on a line of business or trade we would be very glad to give it to them. There was a note handed in on what vegetables and fruit can be imported from the West Indies without customs clearance costs. If it is duty, there is no duty. Fruit is free. The clearance papers will have to be made. But there is no duty on fruit.

Tourist business. In 1922—this is Jamaica alone—1800 tourists went to Jamaica. In 1923, 2734, in 1924, 3114, in 1924, 3378, in 1926, 11,619, in 1927, 12,224. That is going some. That shows what the tourist traffic is. In that connection, it became so important that those who were interested particularly made reports to the Jamaican Government. This is just another very significant demonstration of how they feel towards this whole question. The government of Jamaica decided to guarantee \$200,000 worth of bonds, principal and interest to build a hotel in Jamaica. We naturally wanted to ally ourselves with people who we thought could take tourists. So a company is formed and it is going to be operated by the United Hotels who catered to eight or nine million

people last year, and I don't think there is any question about the success of the hotel. There are only two that amount to anything, one in Kingston and one at Port Antonio. So there will be next year first class accommodation for tourists.

Just a word about the boats. They are beautiful little ships. You get all the comfort in the world that you could get on any ocean liner and probably more. And nobody would want to take a more pleasant trip or have a more enjoyable time. The first one sails on April 12th and from then on every two weeks of the year.

I apologize for speaking longer than the allotted time but my tongue wags too freely. I thank you again for asking me to come here, and all that the country wants, the only appeal I can make is, to lend your sympathy and support to the movement. It is a great deal larger thing than the actual trade agreement itself. We have heard a lot about Empire trade and all that sort of bosh but there is no practical effort being made to accomplish it. This is the first demonstration of where you have two parts of this Empire welded together in an agreement beneficial to both and bound to succeed. If it can be done between Canada and the West Indies why cannot it be done with all the parts of the Empire? No reason in the world. And I think as this develops some final and definite effort will be made to accomplish what is called inter-Empire trade. If we could do our business within ourselves we would be independent of any nation on earth. You had Mond here. He said, "If they will give me the job of this Empire trade the whole Empire will be different. They will trade within themselves and there is no reason why they should not." And I don't know where they can get a better man. I again thank you and as I said before if there is anything we can do we shall be glad to do it.