

NEWS

Comment

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● Government Reversal
on the Japanese

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OTTAWA, ONTARIO

THE MEETING IN MOSCOW

'Our Fight Goes On'

"I started to get into a taxicab with somebody, and he said he wouldn't ride with 'no lousy Jap.' I was wearing my wings and all my ribbons, but it didn't matter. I almost cried, I was so mad. . . .

"I'm no authority; I don't know anything that any boy from Nebraska couldn't tell you. But I know this: I fought with a lot of men in this war, all kinds—a Polish gunner, a Jewish engineer, a German bombardier and a full-blooded Dakota Indian. I saw men wounded, and whatever land their grandfathers came from, their blood was always the same color. And whatever church they went to, the screams of pain sounded the same.

"I've had 58 bombing missions now, and I'm still tired enough so that my hands shake, and plenty of nights I don't sleep so good. I'd like to go home to Nebraska and forget the war, and just lie under a tree somewhere and take it easy. It's hard to realize that the war is not over for me. Not for a lot of us, Jewish-Americans, Italian-Americans, Negro-Americans, Japanese-Americans. While there is still hatred and prejudice, our fight goes on."

—Sgt. Ben Kuroki, D.F.C. and Bar, on the New York *Herald Tribune* Forum, November 4th, 1945.

Big Three Conference Sets In Motion Peace Machinery That Had Broken Down

To see the Moscow meeting of the "Big Three" foreign ministers in its true perspective one has to consider it as the continuation of the deadlocked meeting in London and as a preparation for the UNO meeting which is now under way. Thus its main task was to set in motion again the cumbersome machinery of peace-making which had broken down in London. In this respect it was successful, although it cannot be forgotten that all that has been accomplished in Moscow was the preparation of the solution of the problems of peace making, not the solution itself.

The Moscow meeting treated the agreements reached under seven headings. First, there is the "Preparation of Peace Treaties with Italy, Rumania, Bulgaria, Hungary and Finland." As one will remember the stumbling block in London had been the question, firstly, if France was to participate in the formulation of the peace treaties with such countries against whom she had not declared war, secondly the participation of all members of the United Nations large and small, in making the peace. Both proposals were firmly rejected by the Soviet Union, which wanted to reserve all influence on the peace treaties to those pow-

ers which had signed the respective armistice agreements. The compromise reached in Moscow is the following: The terms of the peace treaties will be drawn up solely by the signers of armistices, which means that France will be included in the case of Italy but excluded in the case of central European and eastern axis satellites. Thus far the Soviet Government won its point. However, it was also decided that as soon as these terms were drawn up, the "Big Five" would submit them to a peace conference of all nations which actively waged war with substantial military contingents against the European members of the axis.

SMALL NATIONS

From the point of view of the smaller nations this compromise is scarcely satisfactory, because the great powers are by no means bound to accept the recommendations of the small ones even in cases where their immediate interests are concerned. In other words, the Soviet Union which previously had insisted that small nations may neither be heard nor seen, had conceded now that they may be seen but not heard. With all due concern for the rights of the small nations, it is, how-

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ever, necessary not to idealize them. Quite a few of them are all too ready to regard themselves as the navel of the world. There is therefore some good common sense in the ruling of the "Big Three" in Moscow in preventing smaller nations blocking the conclusion of peace treaties on issues which may appear big to them but are of minor importance to all. On the other hand the principle of the "Big Five" veto has now been affirmed also in the field of peace making. While it is most likely that one or the other of the great powers will always be ready to listen to the recommendations of the small ones—Mr. Byrnes has intimated as much for the United States — the danger remains that the differences between the great powers will be straightened out by compromising on the interests of the small ones.

THE RULE OF JAPAN

The second point of the agreement concerns the rule of Japan. It provides for the establishment of a "Far Eastern Commission" on which, besides the "Big Five," the following Pacific powers are to be represented: Australia, Canada, India, the Netherlands, New Zealand and the Philippines Commonwealth. Its function is to "formulate principles to govern the control of Japan." The decision of the commission will be incorporated into directives to the Supreme Commander by the United States Government. There will be, however, also an "Allied Council" for Japan, consisting of the "Big Five" only, under the chairmanship of the Allied supreme commander i.e. General MacArthur. This council is to advise and consult with the Supreme Commander in carrying out the terms of surrender.

The establishment of these two bodies is a step forward in so far as it ends the rule of a single power, the

**"A Slump By Any
Other Name . . ."**

It is to be hoped that depressions are never abolished, for they have many desirable features. Those who learn to "ride the business cycle" can find as many advantages in depressions as in booms. . . . That very name "depression" is inappropriate. It horribly maligns those great periods so full of splendid opportunities. . . . Let us keep those periods, but abandon only the name. . . . Some economic research foundation might well offer prizes for suitable names and select the best one.—From *Opinion and Comment*, journal of the College of Business Administration of the University of Illinois, as quoted in *The Tribune* (London, England), December 7th, 1945.

United States, over Japan and gives the smaller Pacific powers at least some influence in the policy making. One has to concede that on the whole United States rule in Japan has been moderate, humane and progressive. While the principle of bringing the other allied countries into the picture is a right one, there is a certain danger that now the inevitably arising conflict of opinion between the powers may impede the business of government considerably. Moreover, the distinction between the function and powers of the Far Eastern Commission, the Allied Council and the Allied Supreme Commander are far from clear and will most likely lead to the usual difficulties of "interpretation" and the necessity of having the concurrence of the "Big Five" for all decisions in both the Commission and the Council will not make the task of ruling Japan any easier.

THE BALKANS

Points III to VI treating Korea, China, Rumania and Bulgaria, are of lesser importance in so far as they are based on foregone conclusions. It was clear that Great Britain and the United States could not much longer reject the recognition of the Balkan governments, especially as recognized governments are necessary for the conclusion of peace treaties as proposed under Point I.

The agreement on China was entirely a matter between the United States and Soviet Russia. The need for the strengthening of the National Government was stressed and the "Broad participation by democratic" elements, i.e., the Communists, was recommended, as well as the principle of "non-intervention" of both powers in the internal affairs of the country confirmed. The "desirability of withdrawal of Soviet and American forces from China at the earliest possible moment consistent with the discharge of their obligation and responsibility" was agreed upon, which means that the withdrawal of both forces will occur simultaneously.

ATOMIC ENERGY

The most far reaching conclusions reached at Moscow concerned quite naturally the control of atomic energy. The British Labour Government insisted from the very beginning of the great dispute about the atomic bomb upon its control by the United Nations Organization. Neither the United States nor the Soviet Union were in favour that this control should be exerted by the Assembly. According to the Moscow resolution the new Commission for the Control of Atomic Energy is virtually in the hands of the Security Council with the only difference that Canada in this case is assured representation even if it should not be elected a member of this body. This is a very important concession not only to Canada but to all small nations as thus has been created a precedent which may have far reaching consequences for their relation to the Security Council.

Mr. Byrnes revealed that upon the request of the Soviet Union the problem of the control of the atomic bomb was placed on the end of the agenda. The reasons are quite obvious. While the existence of the bomb must in the long run clearly influence international relations, it is equally clear that it scarcely has any bearing upon practical day to day politics at the moment. What Moscow feared was not that the bomb will be used against the Soviet Union but that the existence of the bomb will be used as a means of pressure to change the San Francisco Charter. That was what the Russian press meant by speaking of "atomic diplomacy". That was also the reason why the claim raised in Great Britain and the United States that the bomb necessitated at least the partial revo-

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Moscow

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cation of the principle of national sovereignty, was so deeply resented in Moscow which suspected in this a plot to rob the Soviet Union of her newly won power position. In acceding to the Russian request that the principle of veto power has to be applied not only to the United Nations Organization but also to the making of the peace treaties, and the rule over Japan, as demonstrated in Points I and II of the Moscow agreement, Great Britain and the United States dissociated themselves for the time being from any claims for the revision of the UNO Charter. Once this stumbling block was out of the way, the Soviet Union could agree to the set-up of the Atomic Control Council.

It has been pointed out quite rightly that the failure of the Foreign Ministers to agree on a solution of the problem of Iran was of grave and ominous significance. This is undoubtedly true insofar as the Iranian question is intimately connected with the Russian demands upon Turkey and the British position in the whole Middle East. It would, however, have been a very grave mistake either for Russia or for the Western powers to cause a breakdown of the Moscow Conference on the eve of the first UNO meeting. It is not very likely that the powers will move in the Middle East while the meeting is still on. The date line for the removal of all foreign troops from Persian soil is March 1st. It is, therefore, necessary that a settlement be reached between the end of the UNO meeting and that date. Most likely the nature of this settlement will depend very largely on the developments at that meeting.

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News Comment

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See Here, N.A.M.

Pte. Hargrove Sets Manufacturers On Ear With Blast On Their Reactionary Policies

One of the speakers at the U.S. National Association of Manufacturers convention held in New York, December 5-7, was Sgt. Marion Hargrove, author of the best-seller "See Here, Private Hargrove." Sgt. Hargrove was invited to address the convention ostensibly as a spokesman for the veterans (which he denied) but his speech was not what the NAM expected, nor the capitalist press. So much so that it was literally suppressed by practically all the American newspapers. The *Herald Tribune* gave it nine lines, while *Time* gave it a little more. *PM* alone printed it in full. Heading it "The Speech the Papers Suppressed," the *Advance*, official organ of the Amalgamated Clothing Workers of America, printed an abridged version in its January 1st issue, from which the following excerpts were taken:

After spending three and a quarter years in the Army in the enlisted or "speak to when you're spoken to" branch, it is a genuine pleasure to find myself standing here with some high brass listening to me for a change.

I find it a little difficult to speak to you as an organization since I've never been able to figure out your purpose as an organization. I've been reading about the NAM almost ever since I learned to read, and it seemed to me you were always against whatever was up for discussion. I can't remember offhand a single thing you've been for. I know that any number of your individual members are alert, thinking, progressive men, but I can't remember offhand a single contribution the organization itself has made or a single constructive thing it's done in the time I've been reading or hearing about it.

STUBBORN, REACTIONARY

Possibly the organization is a victim of poor public relations. Maybe it has done constructive things, but if it has, you don't hear much about them. The NAM has such a bad name, a lot of which may be a carry-over from its worst days, that even when it's right about something it can't draw public support to it. Even when

a man gets mad at the unions he doesn't side with the NAM.

NAM, to the average thinking person, I would say, means something stubborn, and reactionary, and obstructionist. Even when it's right, it always seems to be right for the wrong reason.

In an argument in which the National Association of Manufacturers claims itself on the right side, the opposition uses facts and logic even if it's bad logic, and your NAM spokesman gets up and begins to talk about Bolshevism, the American Way, and the evil forces that are out to ruin the country; and all of that old-style, "gentleman from Mississippi," hogwash goes out with the imprint of the NAM and the apparent sanction of American industry as a whole.

I think that if you put the association on a take-one, take-all basis—you are prejudiced and behind the times and more than a shade hypocritical. You talk a lot about free enterprise and the profit system, but we still have monopolists and cartels, whether or not a member of the brotherhood is constantly being prosecuted for violations of the laws governing free competition.

You are opposed to raising the minimum wage and you are opposed to compensation for all these people who are going to be unemployed. Maybe you have reasons for your opposition besides the ones that come naturally to hand, but I haven't heard any and I can't think of any.

YOU HAVE GOOD PROFIT INSURANCE

Industry has been allowed to build up reserves for reconversion and it has what looks to me like a very good minimum profit insurance in this business of refunds on excess profit taxes.

Industry has its own brand of unemployment compensation and its own brand of minimum wage handed to it by the Government, and if the NAM has good reasons why labor shouldn't be taken care of too, I think it only fair to you that the public hear them. It seems to me that as an organization, you have very definite and very great responsibilities and you refuse to meet them.

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Govt's Stand On Japanese - Canadians Reverses Previously Laid Down Policy

Pressed by the CCF for a clarification of the position of Canadians of Japanese race, the Prime Minister announced to the House of Commons on December 17th the passings of Orders-in-Council 7355, 7356 and 7357, under the War Measures Act. These orders-in-council provide:

1. That Japanese nationals who have requested repatriation should be deported. Their cases are not subject to review.

2. Naturalized Canadians of Japanese origin who asked cancellation of their request for repatriation after the surrender of Japan, should be deported. Those who asked for cancellation before the surrender should be allowed to remain.

3. Canadian-born Japanese who asked for cancellation after the surrender of Japan should have their cases reviewed. Those who asked for cancellation before the surrender should be permitted to remain.

4. Deportees may take personal property and dispose of real property and are to be assured minimum liquid assets of \$200 plus \$50 for each dependent.

5. Upon deportation the former naturalized persons lose their British and Canadian status.

6. A commission will be established to examine the loyalty of persons referred to it and to recommend deportation.

MR. KING FORGETS

These orders-in-council indicate a singular department from the Government's policy laid down by the Prime Minister on August 4th, 1944. (See *News Comment*, Nov. 1st, 1945.) On that date Mr. King stated that as most persons resident in Canada, whether British subjects or Japanese citizens, have "remained loyal and refrained from acts of sabotage and obstruction," such persons should be allowed to remain Canada after the war. He also indicated that the policy of the U.S. toward the Japanese would be taken into account since the situation in the two countries are in many respects similar.

Mr. King's explanation to Commons of the deportation orders was to the effect that anyone who would seek to return to an enemy nation while the war was in progress, must have believed that the enemy was going to

The Roosevelt Way

"We shall restore to the loyal evacuees the right to return to the evacuated area as soon as the military situation will make such restoration feasible. Americans of Japanese ancestry, like those of many other ancestries, have shown that they can, and want to, accept our institutions and work loyally with the rest of us, making their own valuable contribution to the national wealth and well-being. In vindication of the very ideals for which we are fighting, it is important for us to maintain a high standard of fair, considerate and equal treatment for this minority, as of all other minorities."—President Roosevelt addressing Congress, Sept. 14, 1943.

win. "The government's position is this, that anyone who has shown that spirit and that sort of attitude deserves to have his naturalization revoked, and these people are having their naturalization revoked for that reason." (*Hansard*, p. 3767.)

This explanation disregards the fact that coercion was used to obtain the signatures of the Japanese to the requests for deportation. Officials who made the enquiry told them that if they did not ask for repatriation they would be certified as "non-co-operative." Faced by this implied threat, many Japanese signed who would not otherwise have done so.

NO COERCION?

A statement by the Minister of Labor that a Red Cross representative investigated the charges of coercion and found them to be false, is far from convincing. Why hasn't the full report of this investigator been made public? And why hasn't a commission been established to investigate the full circumstances surrounding the signing of the applications?

Affidavits taken by many of the Japanese-Canadians indicate that those who signed were told that they would be able to remain in B.C. while those who did not were to be sent east of the Rockies. To those who had already been uprooted from their homes on the coast, this was a powerful lever. Many signed rather than face again the mental anguish of attempting to make homes in communities where they were unwanted.

It was almost impossible for the aged and infirm, or for those who supported old folks, to go east. They signed in preference to making the move or to being separated from their families.

But the heart of the matter is the fact that the deportation is being carried out on a strict racial basis. Mr. King has declared that if any German national had wanted to go back to Germany while the war was in progress, he would now be similarly treated. But the fact is that Germans and Italians were never asked to sign similar documents. Only the Japanese were thus treated. They received this treatment because the Government yielded to the pressure of race-baiting groups on the West Coast which in the past have attacked all Orientals—Chinese and East Indians as well as Japanese.

ELECTION ISSUE

In the federal and provincial elections in B.C. the Japanese question was a major issue. On September 19th, 1944, Minister of Veterans Affairs Mackenzie told a Vancouver audience that he stood for a policy of having "not a single Jap from the Rockies to the sea." He asked the Vancouver citizens to range themselves beside him—"and to serve notice to the rest of Canada that we will not have Japanese in this fair province." This was the general tenor of the Liberal campaign in the federal election and of the Coalition campaign in the provincial. Mr. Mackenzie boasted in Commons on December 17th that as a result of his stand he was—"here on this side, to the right of the Speaker."

The CCF stand on the Japanese-Canadian question has remained consistent with the party's views on all racial matters. It is that all Canadians, whether native-born or naturalized, should receive equal treatment whatever their racial origin. On the B.C. coast where the flames of racial hatred have been fanned high, this has frequently been an unpopular view but it has been consistently adhered to.

It is well known that very few of the Japanese-Canadians are considering returning to the West Coast. They are eager to disperse throughout Canada in order that there may be an end to the unhappy period through which they are passing. However, only one province—Saskatchewan—has so far volunteered to take its fair share of this group of Canadians.

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New Zealand Prime Minister's Review Shows Progress Made In Past 10 Years

A writ issued in Toronto by a committee of citizens will test the legality of the deportation orders-in-council as far as they apply to the naturalized and the Canadian-born. However, deportation of Japanese nationals whose status is not in doubt, is proceeding. The Japanese nationals will be taking with them to Japan many children under 16 years who were born and educated in Canadian schools and speak no language but English.

Ironically enough, on the same day on which he announced the orders-in-council, Mr. King revealed to the House this vision:

"Over the troubled waters of our day, I see on the horizon of the future the beginning of a new world order—I believe the heart of mankind is more sensitive to the world's need today than it has been at any previous time."

Sask. Shoe Plant First Canadian Factory To Get 100 Per Cent

Two weeks' holiday with pay and 100 per cent accident and sickness compensation for a maximum of 175 days per year have been given to all employees of the provincial government's shoe factory as a result of a collective bargaining agreement signed between Saskatchewan Leather Products Corporation and the National Union of Shoe and Leather Workers, Local 32. Natural Resources Minister J. L. Phelps has announced.

The agreement also provides for the union shop, maintenance of union membership, the check-off, provisions for overtime pay and the 44-hour week. A joint labor-management production committee will be formed.

Commenting on the agreement Mr. Phelps said that "the shoe plant is the first factory in Canada to allow for 100 per cent accident and sickness compensation."

"The wages in the shoe factory," Mr. Phelps continued, "are 10 to 20 per cent higher than in any other plant in Canada manufacturing the same type of leather goods."

"Moreover, this union is the first to be formed in a Western shoe factory," the minister emphasized. "In Saskatchewan we have accomplished in three months what they have been trying to do in Winnipeg for the past 15 years." —*Saskatchewan News*, December 17, 1945.

The progress made by the New Zealand Labor Government during its first ten years in office was described at the party's annual conference last November by the Prime Minister, the Right Hon. Peter Fraser. A review of the Prime Minister's address is contained in *The Standard*, the Labor Party's official organ, in its November 22nd, 1945, issue which has only recently arrived in the national CCF office. It contains in brief form a statistical summary of the Labor Government's accomplishments, of which the following is a résumé:

WAGES AND SALARIES

In 1935 wages and salaries totalled £65,700,000; in 1945 the aggregate had risen to £176,500,000. One of the first acts of the government was the introduction of the forty-hour, five-day work week. Minimum wage rates were increased both for factory and office workers and introduced for the first time for agricultural workers. Workmen's compensation benefits were increased and coverage was extended to classes of workers not previously covered.

PENSIONS AND HOUSING

Total expenditures for pensions up to 1935 had been just over £3,300,000. Mr. Fraser estimated that the expenditures since then would bring the total up to £22,571,000 by the end of 1945. Fewer than 60,000 persons received benefits in 1935; in August, 1945, there were more than 217,000 beneficiaries.

A housing survey in 1937 had revealed a shortage of 20,000 houses. Because private enterprise had clearly shown that it could not provide enough housing, even during times of prosperity, state housing was undertaken. Despite manpower and material shortages brought about by the war, more than 19,000 comfortable, modern and well-equipped homes have been constructed and made available at low rentals. This was apart from private building which was stimulated by government loans.

EDUCATION AND CHILD WELFARE

Expenditures on education increased from £2,871,167 in 1934-35 to £6,217,488 in 1943-44. New schools have been built and existing schools enlarged and modernized. Additional teachers have been trained and new

educational methods and facilities introduced. In conformity with the government's policy of providing free education from the kindergarten to the university, grants to kindergartens and university bursaries were increased.

Special health centres for children have been set up; 80 clinics now supervise the health of children under school age. In 1937, free milk in schools was introduced, half a pint per child per day. Since 1941, free apples have been distributed to school children. School children are given dental care from pre-school until they leave primary or intermediate school. In 1944, 146,000 children were covered by this service, as compared to fewer than 85,000 in 1935.

PUBLIC HEALTH

Expenditures on health services have almost trebled since 1935, rising from just under £780,000 to £2,163,000. Under the health benefits provided under the Social Security Act, 19,450 people each day receive treatment as in-patients in public and private hospitals. About 100,000 receive free medical treatment under the capitation system or from salaried medical officers, and all others needing medical attention are provided under the General Medical Services Regulations.

AGRICULTURE AND INDUSTRY

Soon after the government took office the guaranteed price procedure was introduced, and orderly marketing of butter and cheese replaced the former unorganized and haphazard system. Under Labor, the farmers for the first time in New Zealand's history have had prosperity with security.

The government also recognized that an expansion of New Zealand's population could be based only on increased industrial activity, that progress could be made only by encouraging the manufacture in New Zealand of commodities which could economically be made there. The success of the government's policy was apparent in the growth of factory production that had taken place since 1935. The value of the output of factories rose by 93 per cent from £79,324,000 in 1934-35 to £174,500,000 in 1943-44. Without the expansion brought about by government policy in the pre-

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PRAIRIE CONVENTIONS PLAN GREATER ORGANIZATION

Alta. Meeting Endorses \$10 Membership

Having come through two strenuous election campaigns with only two representatives elected to the provincial legislature and none to the federal House, delegates attending the Alberta CCF convention might have been excused if they had asked for a breathing space during the next year. Instead the convention which met in Edmonton on November 23rd and 24th, endorsed plans that will call for even greater devotion in carrying out the organizational and educational work of the movement.

The delegates, who came largely from the rural areas of the province, accepted the challenge of Elmer E. Roper, M.L.A., provincial leader, and J. E. Cook, President, to assume responsibility in their communities to work as never before for the great principles of human freedom and security.

A proposal to organize the province on a federal poll basis with an organizer in each federal constituency was approved by the convention which also unanimously endorsed a \$10 sustaining membership fee. Memberships will still be available at \$1.00 a year but all who can possibly do so will be encouraged to take out a \$10, or more, sustaining membership. In addition to the organizers in each federal constituency two provincial organizers will be employed to co-ordinate the organization work throughout the province.

SCHOOL GRANTS

Larger school grants, an adequate road program as well as rural electrification—three major features of the CCF election program in 1944—were all given enthusiastic re-indorsement by the CCF convention.

The Alberta government pays less than 25% of the cost of elementary and secondary education as against 40% to 55% in Ontario, Saskatchewan and British Columbia. The convention called on the government to pay at least 50% of such costs out of the general revenue of the province.

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In this predominantly agricultural province it was fitting that a major part of the convention proceedings should have been devoted to discussion of problems of particular interest to farmers. It was agreed that the price of livestock should be set at such a level that farmers will be encouraged to feed their own grain and further "that the equalization payments to feeders purchasing grain be discontinued."

Delegates also went on record demanding that the Grain Exchange "remain forever closed." It was contended that the interests of the public could best be served by marketing all grain through the public grain board. It was requested also that the minimum price of wheat be set not less than \$1.25 per bushel f.o.b. Fort William and that there be at least a partial equalization of the freight rates on wheat to seaboard.

CCF members of the Legislature were requested to continue to press for improved health legislation. Especially urgent is the need for free hospital and medical services for old age and blind pensioners and recipients of mothers' allowances, as well as more adequate provision for the diagnosis and treatment of cancer patients.

Elmer E. Roper, M.L.A., was re-elected by acclamation to the provincial leadership and J. E. Cook was also unanimously returned as president. Mrs. Nellie Peterson was chosen as first vice-president; AId. P. N. R. Morrison, second vice-president; Lorne Ingle, treasurer; members-at-large executive members: Mrs. Laura Mahon, R. H. Carlyle and J. N. Sykes. John King has been re-appointed as secretary by the provincial board.

New Zealand

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war years—particularly by the introduction of import selection—the quantities of munitions, clothing and equipment which were produced during the war could not have been approached, and the civilian population would have been denied many essential commodities which were formerly obtained from other countries.

Manitoba Adopts Budget Of \$24,000 For Activities

The 10th annual convention of the Manitoba section of the CCF was held during the first week in December in Winnipeg. Postponed from October due to the provincial elections and coming at the end of six months' strenuous campaigning in federal, provincial and municipal elections, it proved to be one of the liveliest conventions in the history of the movement. Delegates registered numbered 128.

A session was spent in a valuable analysis of shortcomings and failures. The criticism offered was both helpful and pointed and there was abundant proof of determination to improve on the already impressive showing made in the federal and provincial elections.

Another session was devoted to the appeals of Johnson and Richards who, as CCF members in the previous Legislature, had been suspended by the Provincial Council last April. The recent election saw Johnson badly beaten in Brandon and Richards win a narrow victory in The Pas. The Council's action in suspending these two members was sustained by a vote of 96 to 25. Subsequently Richards was re-instated and Johnson's reapplication for membership referred.

NEWSPAPER STRIKE

When the convention opened, the delegates passed a resolution excluding the Winnipeg Free Press and the Winnipeg Tribune from the sessions as a gesture of solidarity with and support for the printers who are involved in a labor dispute with the Sifton and Southam interests. Invitations were extended to the Canadian Press, the British United Press and the Winnipeg News, organ of the Typographical Union, to be present.

In his report as Provincial Secretary, Don Swailes gave a lead for future work by outlining a scheme of educational activities and organization. To finance the program submitted, he presented to the convention a budget of \$24,000 which was accepted by the delegates. In this amount provision is made for the current provincial obligations to national office and an allocation to pay up arrears. The basic fee was maintained at \$2, this sum to include a subscription to the Manitoba Commonwealth. It was agreed to

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CANADA AND THE INTERNATIONAL CARTELS

(Second of two articles)

One of the main reasons for the widespread participation of Canadian business concerns in international cartels is, of course, the extensive control exerted by outside investors. The Report finds, for instance, that by the end of 1939 about 18 per cent of all industrial and commercial concerns in Canada were controlled in the United States. In several important industries the proportion was far higher, leading to outright domination: e.g. 77 per cent in non-ferrous metals, 68 per cent in chemicals and allied products, 58 per cent in non-metallic minerals, and 54 per cent in miscellaneous manufactures including electrical equipment. (Report, p. 41). Such control has been defended mainly on the grounds that (a) importation of American capital immeasurably speeded up both the volume and diversity of Canadian manufacturing and development of resources; and (b) Canadian industry (particularly where American concerns established branch plants or

subsidiaries in this country) secured early access to new technical processes and inventions developed in other countries. Counter-balancing these advantages have been the heavy costs to the Canadian economy from (a) cartel restrictions, raising prices to industries and consumers at home and injuring Canada's exports abroad; and (b) undue dependence of Canadian industry on outside experimental work, with consequent discouragement to and backwardness of scientific research in Canada.

The main instrument by means of which cartels have maintained their control is that of *patent rights*. Where a firm has a patent giving it exclusive right (limited to 17 years under Canadian law) to produce and sell a certain product, it is in a position to establish monopoly control on an international scale through its subsidiaries in all countries which recognize the patent (e.g. General Electric and Canadian General Electric). The largest and most important cartels have developed "patent pools" and "cross licensing" whereby firms in different countries agree to stay out of one another's home markets and "exclusive territories," restrict production and charge certain minimum prices, in exchange for the exclusive monopoly right to use one another's patents. This is the essence of cartel agreements among such concerns as ICI, duPont, CIL, General Electric and I. G. Farbenindustrie.

LEGISLATIVE FIASCOS

Special legislation in Canada is supposed to protect the Canadian public against monopolies and cartels arising from patent rights or other causes. Sections 65 to 71 of the Patent Act, for instance, give the Commissioner of Patents the power to grant a license to manufacture to other concerns, or to revoke a patent, if the patentee (a) fails to work the invention in Canada; (b) imports goods to the detriment of the patents working in Canada; (c) fails to adequately meet, *on reasonable terms*, the Canadian demand for the patented article; and (d) fails to license the patent on reasonable terms and thus prejudices any industry, trade or business concern in Canada. The Combines Investigation Act is likewise supposed to protect the Canadian public from abuses arising from *agreements* between producers, or from *monopolies*

as such, with or without agreements. The examples in the Report itself, as well as the voluminous findings of such bodies as the Tariff Commission and the Royal Commission on Price Spreads, show only too well just how miserably such pieces of legislation have failed to achieve their announced objectives.

CONCLUSIONS AND RECOMMENDATIONS

The conclusions of the Report, though worded rather cautiously, sound a warning as to the future dangers from cartels in particular and monopolies in general. The world in the present postwar period desperately needs rational government planning to achieve expansion of production and employment, coupled with a greater flow of goods and services in foreign trade. Any such plans are jeopardized by cartel operations, the Report states:

"The allocation of markets through restrictive arrangements made by private interested parties impinges on government authority over foreign trade and may nullify national trade policies developed to serve wider public interests. Government policies to encourage either imports or exports may prove ineffective if private barriers to such trade are erected by cartels. . . . Cartel arrangements which impede industrial innovations and slow down the effective development of new opportunities for investment tend to diminish the supply of goods available for human use. Attempts by cartels to protect old investments by limiting the introduction of useful new techniques and new production would have a prejudicial effect on government policies to secure high employment." (p. 66).

In making its recommendations for dealing with the problem, however, the Report becomes rather vague, ambiguous and contradictory. Cartels and other monopolistic organizations it recognizes as logical direct outgrowths of technological change and large-scale production. To quote:

"International cartels, like domestic combinations or monopolies, are found characteristically to be outgrowths of the tendency toward concentration of industrial control which has accompanied the development of modern industry. . . .

The real problem is to find methods of retaining the technical advantages of large-scale undertakings in industries where these demon-

Conventions

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introduce a system of sustaining memberships from \$5 up similar to that in practice in Saskatchewan.

S. J. Farmer was unanimously confirmed as leader of the CCF in Manitoba, but a deputy chairman will not be elected until after the servicemen's election results are known in January.

Reports were received from committees on agriculture, labor study groups and education and approved with instructions that the Provincial Council act on them. Much spirited discussion was held on the resolutions which came before the delegates, especially those relating to international affairs. The convention passed resolutions strongly supporting the early establishment of an effective United Nations Organization, the establishment of a Jewish national home in Palestine and freedom of self government for all colonial peoples at the earliest possible moment.

Harry Wood was re-elected provincial chairman, Mrs. Mann of Portage and Alistair Stewart were elected as representatives to the national council while Don Swailes was re-appointed Provincial Secretary-Treasurer.

Cartels

(CONTINUED FROM PAGE SEVEN)

strate their superiority while eliminating the restrictive practices by means of which full advantages might be denied to the public." (p. 65-66).

Yet in the next breath the Report seems to be denying the reality of such trends by arguing that we must rely largely on some kind of renaissance of *competition* to protect the public:

"The re-establishment of industry and trade on a peace-time basis offers an opportunity to make a fresh start in guiding economic activities so that they will serve the public welfare, through the competitive enterprise of businessmen and through government measures for safeguarding the public interest . . . As the wartime government controls over production and distribution are withdrawn there must be no establishment of extensive privately operated schemes to prevent competition from resuming its essential role in industry and trade, where if not prevented it would operate as the automatic and most useful basic social control of price and production policies. Freedom of entry for new firms into old and new industries is an essential requirement for the maintenance of such competition." (p. 57.)

(This is like saying that, if only war could be eliminated, peace would automatically follow. How, one may ask, can competition be revived in industries such as those described in the Report, where only one or at most a few firms can operate on a large enough scale to serve the entire Canadian market?)

To the end of reviving competition, the Report advocates such measures as: (a) improvement in the Combines Investigation Act that will lay greater emphasis on *preventive* rather than *punitive* measures; (b) larger and better-trained personnel to administer the Act; and (c) adequate and continuous information regarding cartels, and particularly the financial control which foreign interests attain over Canadian corporations.

In addition to these, the Report suggests in rather general terms that:

"Prosecution is not the only remedy for abuses of monopoly, as past and present legislation indicates. Parliament possesses powers in such matters as tariffs, patents, trademarks, taxation, public regulation and public ownership, which

may be invoked to safeguard the public interest." (p. 59).

A couple of these subjects are given something more than passing mention. As regards tax policy, for instance, the Report has the following to suggest:

"Consideration should be given to the use of taxation as a means of providing more effective control over the operations of monopolies. If special taxation within federal powers could be devised which would serve as an incentive to the full use of available productive capacity and render it less profitable for corporations to leave capacity unused in order to maintain prices, such taxation would tend to check undue restriction of output by monopolistic groups." (p. 59).

On the subject of public ownership the Report is far more cautious, as well it might be, considering that it has been drawn up at the behest of a government devoted to the principles of "private enterprise." As regards the disposition of surplus war assets the Report sounds a warning which is timely, considering the large sales that have already been made to monopolies and cartel members:

"There can be no doubt that decisions made with respect to the disposal or future operation of government-owned plants and other assets will have significant effects on the future organization of Canadian industry from the viewpoint of concentration of production or the opportunities for competitive enterprise. It is essential that these long-run aspects of public interest should be kept in view in the sale of government properties as well as the immediate object of securing adequate monetary return. The experience which has been acquired in the operation of Crown companies may prove of lasting advantage if circumstances require the maintenance of "yardstick" plants in the future to cope with attempts at restrictive control over essential Canadian supplies by international cartels or the absence of domestic competitive enterprises." (p. 59).

The Report maintains, however, that in the last analysis effective regulation of cartels affecting Canada will require *international* action and negotiation among governments, insofar as the controlling interests in most cartels (especially the first two types described above) are located in other countries. Specifically, the Report recommends that "the Government of Canada give

Government To Own All Filleting Plants

Declaring the government's intention to "reorganize the fishing industry in Saskatchewan," Natural Resources Minister J. L. Phelps has announced the Saskatchewan government's purchase of a fish filleting and cold storage plant at Dore Lake and the taking of options on the two remaining privately-owned filleting plants in the province.

The Dore Lake plant was built last summer and contains the most modern equipment. It was purchased for approximately \$25,000. The government has also bought a fish storage warehouse at Flin Flon, Man., for \$6,000.

The Saskatchewan government's option on the two privately-owned filleting plants, located at Big River and Buffalo Narrows, expires on August 1st, 1946. Purchase of these plants will be completed before that date.

Object of the new ventures, Mr. Phelps said, "is to stabilize the Saskatchewan fishing industry in the interests of the fish producer and the consumer of fish and fish products."—*Saskatchewan News*, Dec. 17, 1945.

its support to the establishment of an international office to deal with cartels, in connection with the Economic and Social Council of the United Nations." (p. 68).

Several fundamental questions remain to be answered, however. Where there continues to be a trend toward large-scale production in basic industries, how can monopolies in Canadian markets, and their subservient participation in cartels in the international market, possibly be prevented as long as they are allowed to pursue their private profit under so-called "private enterprise" (which means freedom from government interference)? And unless the Canadian government already has effective control over industries and resources within its own borders, and frees Canadian corporations from outside financial domination, how can it possibly hope to have any degree of bargaining-power when negotiating with other governments over the control of cartels, and how can it be expected to carry out any measures agreed upon by such bodies as the Economic and Social Council of UNO? In brief: How can monopolies and cartels affecting Canada be effectively regulated unless the companies involved in Canada are brought under public ownership?