

asset the enormous latent wealth we own in our agricultural lands and other natural resources to be used in liquidating our enormous liabilities. No other one thing has contributed so much towards retarding the development of these natural resources and preventing realization on the wealth they contain for the use of the people, as the excessive overhead charges created by custom duties.

Delusion of Forty Years.

Canada has been for the last forty years unduly taxing the resources of the people engaged in converting our natural wealth into liquid form under the delusion that we were building up Canada by establishing industries that were not self-supporting and that Canada could not support without recourse to the expediency of borrowing from the Mother Country. Every year for the last forty years we were sinking deeper into debt until immediately prior to the war our borrowing had to stop. Now faced with a problem of meeting the cost of the war in addition to carrying the load incurred in pre-war times, we are solemnly warned by the Manufacturers' Association that Canada's only salvation is to continue the custom of protection enjoyed by the members of that association.

During the early days of the National Policy its blighting effect on the development of industry was not so apparent. Manufacturers stimulated by custom duties became numerous. On account of competition with one another they sold their products at competitive prices. Being protected, however, from outside competition, they found it to their advantage to amalgamate their interest, thus removing competition from among themselves.

Decay of Small Industry

Analysis of the 1916 postal census of manufacturers reveals the fact that protection, as we now have it in Canada, has a withering effect on manufacturing as well as on the development of our natural resources. The number of establishments employing five hands and over in 1915 was only 15,593, as compared with 19,218 in 1910. True, by including establishments employing less than four hands in 1915 (which were excluded from the census of 1910) the number was increased to 21,306. The census bulletin classifies the various interests in eight groups. The group of establishments having an average output of \$25,000 or less constitute 76.57 per cent. of the total number. Establishments having an average production of \$200,000 or less, constitute 94.67 per cent. of the whole. Those having a production of over \$200,000 constitute only 5.24 per cent. of the whole. A general review of the group shows those having a production of \$200,000 and under the average output per establishment, decreased 22.36 per cent. in 1915 as compared to 1910. The significance of the above statement is that under protection 20,159 out of the 21,306 manufacturing establishments enumerated by the census bulletin 1916 have decreased their production in 1915 as compared to 1910 upwards of 22 per cent. That is to say, 94.76 per cent. of the manufacturers in Canada have decreased their average production over 22 per cent. in that period. As there was a material increase in values in 1915 as compared to 1910, the decrease in volume would be more marked. On the other hand the bulletin points out that there was an increase of 20.68 per cent. in the total product of manufactures. The residue of 5.24 per cent. must have increased their output very largely. It looks like a case of the big fish eating up the little fish.