

any diminution in the agricultural products of the country, but because from the rapid extension of the use of agricultural implements, and the conversion of grain farms into dairy and cattle feeding farms, full twenty-five per cent. less laborers were required for the 100 acres than were required in 1881.

Fortunately, the city and town population increased during these ten years by 477,976 souls, or 28.77 per cent., and this through the extension of manufacturing industries produced by the National Policy. The laborers withdrawn from the farm found employment in the cities. Is it not then evident that instead of having been the cause of the alleged exodus, this National Policy proved the means of preventing such an exodus as must necessarily have occurred but for the employment furnished by manufacturing establishments and the other industries promoted by them? Undoubtedly it prevented rather than caused any decrease in population.

PROFITS OF MANUFACTURING.

It was amusing but rather humiliating to witness the gross ignorance displayed on this subject during the platform and press discussion through the late election contest. Much reckless and stupid denunciation of the National Policy was based on the ridiculous assumption that the balance between the cost of wages paid and material used and the value of the products of manufacturing establishments, as given in the census returns, represents the amount of profit derived by the manufacturer. It is unfortunate that the discussion of commercial and financial questions is so largely confined to political windbags who have no acquaintance with business or business methods. No man of any business experience could fall into the mistake of using such an argument. They know that there are many very important items of expense in manufacturing, in addition to wages and cost of materials used.

A similar misconception seems to have prevailed to some extent in the United States, and is thus dealt with by Mr. Carroll D. Wright, Commissioner of labor in charge, in his bulletin dated Washington, February 20, 1894, addressed to the Department of the Interior:—

"The difference between the apparent cost and the value of the manufactured product can not be taken as indicating the profit or earnings of capital, because many items of expense enter into the mercantile portion of the business, which branch is not within the scope of the census enquiry.

"The data furnished in the reports relating to the depreciation of manufacturing plants are not sufficient to form a basis for correct computation, and therefore are omitted from these tables."

In the United States census for 1890, a statement of "miscellaneous expenses" was taken, which was not done in the census for 1880, nor is such a statement included in either Canadian census for 1881 or 1891. In the United States, this item of "miscellaneous expenses" includes rent for tenancy, taxes (including internal revenue), insurance, ordinary repairs of buildings and machinery, amount paid contractors, interest paid on cash used in the business, and all sundries not elsewhere reported. In 1890, this item amounted to \$630,944,058, or about 6.73 per cent. on the total value of the products. The value of the buildings, not including land, and

the machinery, tools, and implements was \$2,462,987,817. A fair average allowance for depreciation and renewals is about 10 per cent. per annum.

In 1890 the value of the products of all the manufacturing establishments in U. S. was.	\$9,370,107,624
" amount of wages paid.....	\$2,282,823,205
" value of material used	5,158,868,353
Balance.....	\$1,928,416,066

According to the superficial view of free trade agitators, this balance represents the profit of the manufacturers, and would show that 20.58 per cent. of the value of the products consists of profit.

But when from this balance is deducted "miscellaneous expenses," 6.73 per cent. \$630,944,058
depreciation and renewals, 10 per cent. 246,298,785
The balance is reduced to \$1,051,173,163
And the apparent profit is reduced from 20.58 to 11.22 per cent.

From this there remains to be deducted transportation from factory to warehouse, warehouse and office and traveller's expenses, brokerages and commissions, discounts on sales, bad debts, etc.

In Canada, the value of the products of all manufacturing establishments in 1890, was.....	\$467,183,356
The cost of wages paid.	\$100,656,502
The value of raw material.....	256,060,145
Balance.....	\$110,466,709

Making 23.65 per cent. of the value of the products as apparent profit.

This result does not vary very materially from that ascertained in United States.

The average capacity of factories in Canada is about one-tenth of the average in the States. The percentage which miscellaneous expenses and depreciation of plant bear to annual value of product must necessarily be very much higher here than there.

It is to be hoped that the discussion of manufacturers' interest and their profits will in future be more generally intrusted to intelligent critics who have a practical knowledge of the subject.

ANOTHER ENGLISH FREE TRADE JOURNAL IN DOUBT.

The British Trade Journal, July 1st, in commenting on a work entitled, "Made in Germany," by Ernest Edwin Williams, thus writes:—Although as free traders we may scoff at many of the conclusions arrived at by Mr. Williams' note should be taken of the fact that this is but one of several volumes of a similar kind which the last few years have published. It is not quite clear why Mr. Williams should have selected Germany only as an illustration of the success with which protective countries can compete in neutral markets, including the home market, with free trade England. Other instances could have been cited in the case of Belgium, France and the United States. The author is not, however, very far from the mark in regarding the Kaiser's dominion as the most active and energetic of our industrial and commercial competitors. It does not require very much argument or very many statistics to convince the English manufacturer and the agriculturist that our system of free imports, exposing them as it does to the world's competition in the home market, is ex-