cial enterprises. Business clusters around the factory. Close or restrict the factory and business dwindles and the home market declines.

Another free trade argument is that under the protective system industry is developed at the expense of agriculture. It is submitted that the information and statistics set forth previously disprove this contention so far as Canada is concerned.

The average value of occupied farm land in Canada increased from $38 per acre in 1910, to $52 per acre in 1919.

Taking the Canada Year Book's estimate of the agricultural capital of Canada in 1917 of $6,830,145,000, and dividing this sum by the number of farms in Canada, given by Government statistics as 730,000, we find that the average capital per farm was $9,356. Moreover, our industrial development has not caused any undue depopulation of the rural areas. In 1911, the rural population of Canada was 54.47% of the total population. This is a marked contrast to Great Britain where the rural population was 49.8% of the whole when free trade was adopted in 1846, and had fallen to 21.9% in 1913.

It is also argued that, as Canadian manufacturers during the war produced munitions which compared favorably with those produced by other countries, they do not need protection now. This argument ignores the extraordinary conditions governing the munition industry. There was no competition. The price of munitions was fixed and calculated to yield a reasonable margin of profit where the business was efficiently conducted. The work was done to standard specifications. No selling force was required because the market took all the supply. More important still, Canadian manufacturers secured the opportunity to manufacture in large quantities. That is the pressing need today, and the home market is necessary to supply it.

It is also argued that protection causes combines.

Free trade England was the home of the world's greatest trade organizations; and the resolutions of Committees mentioned previously indicate a desire that greater facilities be provided in England for trade combination. Proper types of trade organizations produce greater efficiency, better quality and lower prices. Improper organizations can be prosecuted under existing laws. In any case, industrial combination has not reached undue proportion to date in Canada. The census places the number of manufacturing establishments at about 35,000, although this includes concerns which can scarcely be called factories. As the number of factory employees is estimated at about 700,000, the average number of employees per industrial establishment in Canada is about twenty.

A more serious charge is that Canadian manufacturers take undue advantage of the tariff, for example, by adding freight and duty to selling price of competing products in fixing their own selling prices. We do not defend such practice, but we submit that specific charges should be made against the offenders rather than general statements against all manufacturers, or against the protective system.

We beg to draw attention to an unfair method of attacking manufacturers, and through them, the protective system. A few manufacturers who have enjoyed marked prosperity are singled out. They are attacked in a sensational manner in the press and on the platform. Their profits for particularly successful years are advertized. Their financial statements are analyzed unfairly. No attempt is made to average the lean years with the good years. No tribute is admitted to efficiency, economical management, or unusual business ability. These outstanding examples of prosperity are held up to the public as a general condition of entire industries.

This method of argument is as unfair as it would be to hold up some phenomenal case of profitable farming, or a lucky strike in mining as an example of how agriculture or mining pays generally.

Let us consider how this is applied to the shoe manufacturing industry. Two or three of the most successful firms may be pilloried, in the hope, perhaps, that the public will conclude that their success was characteristic of all. A recent survey of the shoe manufacturing industry shows, first, that a very considerable number of firms have tried to succeed in this industry but have become bankrupt, and, second, that the average return on the capital invested in the shoe industry was 5.29 per cent. per annum. Dunn's estimate of failures of Canadian manufacturing firms for the last ten-year period is as follows:—

Year.	No. of Failures of Mfg. Firms.
1918	232
1917	261
1916	363
1915	655
1914	614
1913	452
1912	323
1911	321
1910	292
1909	354
1908	426

This is the other side of the story.

Where Will the Revenue Come From?

It is sometimes argued that the customs tariff is not a proper instrument to raise revenue. 43.5% of the total revenue of the Dominion Government was produced by the Canadian customs tariff in the fiscal year ending March 31st, 1920. In the fiscal year ending March 31st, 1921, the Minister of Finance estimates that the tariff will produce 43.8% of the total revenue. Leaving out items for demobilization and for investment and capital outlays, the balance sheet of the Dominion of Canada for the year ending March 31st, 1920, reads as follows:—

Total revenue	$388,000,000
Total ordinary expenditure	349,000,000
Surplus	$39,000,000

Suppose that we had had free trade and consequently no revenue from the tariff. Subtract the $169,000,000 produced by the tariff last year, and the above surplus