

connection has recently adopted principles in applying taxation which should find application equally in the tariff.

The result of a protective tariff with clearly defined objects would possibly be the weeding out of parasitic industries. If this is the result, it calls for no defence. The tariff is not designed to bolster up inefficient management, worn-out plants and antiquated methods of production or marketing. Protective duties should be largely based upon the ascertained needs of efficient producers. Many Canadian factories have been content with a smaller proportion of production than is required for economy. Frequently, 25 per cent. more business could have been normally transacted with the same plant and overhead expenses. Greater efficiency is now called for if manufacturing industries are not to become a burden upon agriculture and other primary industries. In 1914, out of a total export trade of \$479,000,000 manufactures contributed only \$57,000,000 or 12 per cent. Industry cannot afford to be content with the home market, leaving to agriculture the burden of paying, as is so largely the case in this instance, for all imports, including raw materials for manufacturing, and the interest on our foreign debt. The proportion of manufactured exports in 1915-16 rose to 28 per cent., largely as the result of war orders; time only will show whether the proportion is permanently altered. For many reasons, it is inadvisable that we should be satisfied with industrial dependence upon agriculture, yet this is involved in the failure of Canadian industries to secure their fair share of export trade. If, by reason of the tariff, manufacturing interests supply only the home market and assume no share of responsibility for the world trade which is necessary for Canadian development, the tariff will again become a storm centre of political controversy. The result may be a change in our system of revenue collection which will have far-reaching effects upon industrial profits.

Tariff and Production for Export.

As a result of our foreign indebtedness we are required to export annually at least \$140,000,000 of products to meet interest charges alone. At the close of the war this huge total may be further increased. We have constructed a magnificent national plant of railways, factories, office buildings and municipal improvements—the time has fully arrived when these must be made productive. We must realize the significance of the fact that our foreign indebtedness exceeds \$3,000,000,000, and that