

cause it would be impossible to carry over these implements in warehouses or factories until navigation opens, the factor of water freight does not enter into the question to any extent. Furthermore the implements would be injured more or less from the handling into and out of the boats. There is another point I would like to speak about because a very false impression has gone forth in reference to the cost of certain articles. I would like to refer to the Trade and Commerce report which shows that the total manufactures of these goods for the year 1917 was \$32,000,000; cost of the raw material entering into the same was \$16,000,000; or one-half the selling cost of the goods was represented by the cost of raw material. Then there is labour \$10,000,000, making a cost of \$26,000,000 and leaving \$6,000,000 for overhead charges and all expenses. Last evening we had figures presented here that showed a total cost of one-third of the selling price and it is in order to correct that very false impression that I make this reference. Another thing that I would like to refer to is the fact that owing to the necessity of having to give long terms and to carry materials for a long time the total capital is shown to be more than twice the turnover. For that reason the manufacturers are certainly entitled to more of a return in the way of profit on the turnover than those dealing in such articles as permit of the turnover of the capital some three or four times a year.

Mr. MAHARG: In the matter of discrimination I think the minister is absolutely right in so far as the farmers are concerned. I believe the farmer gets no advantage whatever from the lowering of this freight rate; that goes entirely, as he has stated, to the manufacturer to put him in the same position as his American competitor. However, the point I want to emphasize, and it has been demonstrated I think to a certainty by the figures we have just now received, is that the cost of the material equals one-half of the price of the finished article.

Mr. HAROLD: That is right.

Mr. MAHARG: Now see what that means. They get a rebate of practically one-third of the duty imposed and they are rebated the duty on one-half the cost of the raw material going into the machine if they import the goods, and if they export the finished article they get a rebate of 99 per cent. So when you take reduction on the freight rates I venture the prediction, if it

is correctly figured out, that an advantage of 2½ per cent will result to the manufacturer.

Mr. HAROLD: I have figured up those costs, I have the actual figures and I can bear out what the Finance Minister says that the two items do not make up the amount of reduction on the general tariff.

Mr. MAHARG: That is taking the average of the 5 and the 2½. My point is that the 2½ per cent is practically, if not wholly, covered.

Mr. HAROLD: It is not; I can show the hon. gentleman the figures.

Mr. MAHARG: Well, if you have the figures, will you be good enough to give them.

Mr. HAROLD: I have not the figures here.

Sir THOMAS WHITE: I want to point out an error my hon. friend has inadvertently fallen into. He states that we are giving 30 per cent drawback on half the raw material that enters into the manufacture of these articles. He has in mind that the 30 per cent applies to the whole of the material, but he has overlooked the fact that a considerable part was free before. Therefore, it is not accurate to make a computation based upon the assumption that we are giving back 30 per cent on one-half of the value of the manufactured goods.

Mr. COCKSHUTT: The practice, as far as I understand it, of manufacturers in this country is to buy all the raw materials that are possible from our own factories that produce them and are called subsidiary interests, or subsidiary factories. For instance, the malleables, which constitute a very large item in agricultural implements, are almost entirely made, and we hope will continue to be made, in Canada. We will only earn the 30 per cent to which the hon. gentleman has alluded, providing we take the unpatriotic course of buying those goods in United States. We do not propose to do that, although we are rather induced to do so if we take a strictly business view and buy absolutely in the cheapest market. My policy has always been, and I hope will always continue to be, to buy all the raw materials made by our subsidiary factories for use in the manufacture of implements or any other line in which I am interested. I think it would be a lamentable fact if this 30 per cent rebate which is proposed were to induce all Canadians who are manufacturing these lines—and they are mentioned