

increase in values artificially raised. I will just quote one more instance to emphasize the argument which I have advanced, and that is in regard to nail and tack factories. I may say that any one can verify these conclusions for himself by sending up to Mr. Botterell and getting No. 3 of the census returns and working out the calculations for himself. If he does this I think he will agree with the argument which I have presented to this House in regard to the commercial conditions of the country.

Now, take the nail and tack factories. The value of imports is \$40,000, and the duty imposed and collected is \$14,292. In consequence of that protection which is imposed for the purposes of inducing this condition there are 12 factories employing 300 men, 64 women and 41 boys. The fixed capital employed by those 12 factories amounts to \$155,000; working capital \$247,000, a total of \$402,000. Taking 10 per cent interest on that, we have forty thousand dollars as the profit of capital, or if we accept my hon. friend's suggestion, 20 per cent if you like, it only alters the condition in degree. The amount of wages paid \$152,000, raw material used \$457,000. These are the three items that go to make up the cost of producing nails and tacks in Canada, and they amount altogether to \$641,000. The value of the articles produced in the nails and tack industries is \$744,000 or \$103,000 is the difference between the cost of the articles produced—according to my showing—and the value of the articles produced according to the showing of the census return, and in that case again we have the cost increased by about the value of the duty imposed. But there is this position to be taken in regard to the question, and that is while the labour and industry in Canada that is supplied with the nails and tacks have to bear a burden of \$116,000 a year, the revenue of the country only gets \$13,000. There the tax is multiplied nearly eight times over what is raised for revenue purposes. It is that great burden of taxation that is going to produce disastrous results in the long run. We have not felt the full effect of it yet, but we are bound to feel the effects of it in connection with the depression to which His Excellency has referred. If it is necessary to impose a tax of \$103,000 on our mail and tack industry over and above the tax the revenue gets the benefit of, what is that

imposed for? It is imposed to press upon the industry of the country for the benefit of these twelve factories.

Hon. Mr. KAULBACH—Why does not my hon. friend start one in Manitoba?

Hon. Mr. BOULTON—I do not wish to start one up there. In fact it would be impossible for us to do so. You can only start a factory in a district where there is a population large enough to warrant its maintenance. The smaller the population you have to serve, the greater the cost of supplying the population. It is on that basis and for that purpose that protection is afforded. Because we have a small population, manufacturers cannot compete if they are restricted to the local market, and that is why so many manufacturing industries have been closed. I would not argue for the abolition of our commercial policy, if I thought it was going to destroy our manufacturing power; but I know it will not destroy our manufacturing power. By the adoption of the policy of the people of Great Britain under which their manufacturing power has been increased so enormously, we will multiply our industries in Canada. Take the Massey industry as an example. It could multiply its output in the city of Toronto four fold by the adoption of a policy which would cheapen the cost of their raw material. If, instead of having to pay 50 per cent on the bar-iron they use and other raw material, 575 labouring men working for them have to pay taxation on the necessaries of life, I say that the Massey Manufacturing Company would then have a chance of entering the markets of the world for the sale of their manufactures. There are markets in the Argentine Republic, the Cape of Good Hope, Hungary and all over the world where agricultural machinery is used, and if you can supply a cheaper machine, you can have no difficulty in extending your foreign trade to an extent undreamt of in the history of Canada, and by seeking to enlarge the population for whom you are able to manufacture by a new economic condition, you are bound to cheapen the articles to home consumers without impairing the value of the industry to the country but on the contrary you increased the demand for labour and employment in the country, because if you can compete successfully in the foreign market you can also do so in the home market.