

30,000 tons, you only want \$1 a ton upon it, to pay a dividend and you can sell the pig iron \$1 a ton cheaper. If you run the output up to 60,000 tons, all you want is 50 cents a ton and you have \$30,000 raised and the pig iron is \$1.50 cheaper than it would be with only 15,000 tons of output. The same principle holds good in all the manufactures in which we are engaged. The percentage which must be put upon every yard of cloth which comes from the loom depends upon the output, in order to meet the interest upon the capital and the depreciation of the plant. You must have one of two things. **You must either have a large market and a large output or you must have a low rate of wages, and that means a low scale of living and a small expenditure for the benefit of the farmer.** Moreover, you cannot for any considerable length of time, keep men employed at a low rate of wages, while across the border, in the United States, there are larger wages paid and attractions offered to draw them to that country. The intention of the National Policy is that we shall give a large market to our own manufacturers. We have not so large a market, of course, as they have in the United States, but we can give a proportionate market, one-tenth or one-twelfth in proportion to the population of the other side. David Wells, the American apostle of free trade, has been often quoted in this House, and he says:

"Wages are labor's share of product, and in every healthy business are ultimately paid out of product. No employer of labor can continue for any great length of time to pay high wages unless his product is large. If it is not and he attempts, it is only a question of time when his affairs will be wound up by the sheriff. On the other hand if a high rate of wages is permanently paid in any industry and in any country it is in itself proof positive that the product of labor is large, that the laborer is entitled to a generous share of it, and that the employer can afford to give it him."

That is what we have been striving to do in this country, and it is what we are accomplishing, when we are giving a larger market to our own manufacturers, and we have the result that a larger, a more generous wage is being paid to the employees than previous to the introduction of this policy.

A vote for the National Policy means to demand that the products of foreign pauper labor shall be kept out of Canada; a vote against the National Policy means that these products shall come into unrestricted competition with Canadian labor.

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NICHOLS, Secretary, Toronto, Canada.