

Hon. Mr. BOULTON—You have, however, to support either one position or the other. Either they are sold cheaper in Australia than they are in Canada, or else the profits of the manufacturing company on the goods produced by them must be excessive.

Hon. Sir MACKENZIE BOWELL—That does not follow either.

Hon. Mr. BOULTON—If you relieve the company of the duty on the articles which they export, to that extent you are cheapening the articles for the people of Australia. The Massey Manufacturing Company can export agricultural machinery to Australia for exactly the same freight as they can send it to the province of Manitoba, the ocean transport being so much cheaper than railway rates. So far as the rate on the freight is concerned there is no difference, either to Australia or the Argentine Republic over transport to Manitoba. A manufacturer told me that he had a market in British Columbia for some goods which he produced in eastern Canada, and that the freight rate was so high that he could deliver his products around by Cape Horn to Pacific ports cheaper than he could deliver them in Manitoba, the rate by Cape Horn being \$1.24 per 100 pounds, while to Russell, where I live, the rate on the same goods was \$1.29 per 100 pounds. If the freight rate is no greater, and if the duty is remitted on the machines made for the people of the Argentine Republic and Australia, either the machinery can be sold cheaper or the profits of the exporting company are increased by the remission of the duty.

My next point is with regard to the cost of production of agricultural machinery. The total value of the machinery produced is \$7,524,000, that is to say the total value of the articles produced of which the Massey Manufacturing Company form an important part is that amount. The capital invested in agricultural machinery works in Canada is \$8,500,000 or say \$850,000 a year interest on capital. The raw material used in the manufacture of this machinery is returned as costing \$3,126,000. The wages paid amount to \$1,812,000. Arguing from the same basis as before, we find that the cost of producing the machinery including 10 per cent interest on capital, wages and cost of raw material, is \$5,788,000. The value of the articles produced is \$7,544,000. Therefore the profit of the manufacturers is \$1,736,400. That rests as a tax upon the

agriculturist, while the revenue derived from the importation of agricultural implements is only \$100,000. That is exactly 30 per cent of the total cost represents the duty imposed, that thirty per cent being the difference between the cost of the articles as shown by me and the value of the articles produced as shown by the census. It is a little higher than the present rate of duty, but the explanation of that is that the government in order to carry out the protective principle to its utmost limit, are in the habit of allowing their officers to make a valuation of the duty on articles imported according to their own standard of values. It is the customs officers who fix the values of the articles coming into the country. No note is taken of the fact that a man has honestly and honourably purchased them at a certain figure. By this means the duties are increased, and duty only on that should be charged, but a further artificial value is created in the collection of the duty. It is impossible for us to follow this out in all its ramifications because these are some of the hidden mysteries of the department generated by protection. We have frequent complaints, however, of over-valuation by departmental officers and that is the reason why the 30 per cent represents the difference between the cost of producing the machine and their selling price. It follows that the 30 per cent duty imposed for protective purposes does not go to wages, that the labouring man gets no benefit from it, that the people who produce the raw material reap no benefit from it; but it is clear that the manufacturers themselves get the whole of the 30 per cent. This represents a taxation of \$1,730,000 upon those who are producing the one staple article of grain. If my figures are correct, if they cannot be explained away by the government, I believe there is a sufficient amount of generosity in the hon. the leader of the government, and of the members of the Cabinet sitting in this Chamber to admit that if this is the case, they will no longer continue the injustice. That, however, is only one portion of the requirements of the farmers of the North-west. To the extent that their whole purchasing power is affected—to the extent that their 15,000,000 bushels of wheat will enable them to purchase the necessaries of life to that extent, they are bearing the burden of taxation, amounting in the aggregate to 40 per cent.