

Mr. SHEILS: Not for a moment, sir. We have proof that they are not. But we have to think of this, that with a market of 150 millions, for instance, if you are going to bring out a new refrigerator and you have a tooling cost of fifteen or twenty thousand dollars, you can imagine the impact of that tooling cost on the production of refrigerators for 150 million people as against 15 million people.

Hon. Mr. CRERAR: I would like to follow that up. The Canadian manufacturer would have the assurance of twenty-five years of a market, not of 15 million people but of 170 million people, and he has the advantage of haul to get his merchandise over there,—which the United States fellow has not.

The CHAIRMAN: The distance.

Hon. Mr. CRERAR: The distance, yes. It is an academic question, but do you not think the Canadian manufacturer would have certain advantages over his American competitor, say in the matter of power costs; and so far as transportation is concerned the great bulk of the consuming population of the United States is closer to the manufacturing centres in Ontario and Quebec than British Columbia or Alberta is.

Mr. SHEILS: I still do not think it would be a good thing for Canada, sir.

Hon. Mr. CRERAR: I think you are a little too timid, Mr. Sheils.

Hon. Mr. CAMPBELL: I see another factor that would support your argument in that respect, and that is the differential between the internal taxes applicable to parts that go into the goods in the United States as compared with Canada. I am speaking now of sales and excise taxes.

Mr. SHEILS: That is a factor, unless the previous speaker was visualizing the abolition of all such taxes.

Hon. Mr. CAMPBELL: But those are internal taxes that I am speaking of.

Mr. SHEILS: Yes.

Hon. Mr. CAMPBELL: For instance, take the automobile. A large part of the differential between the price of an automobile in Canada and in the United States is attributable to internal taxes, is that not right?

Mr. SHEILS: Yes.

Hon. Mr. MACLENNAN: Some of it.

Hon. Mr. CAMPBELL: I was asking the witness whether he knew what that amounted to.

Mr. SHEILS: No, I would not like to quote figures on that. I do not know if any of the officers present would like to make a statement on that.

Hon. Mr. EULER: Here is another academic question, and if it is embarrassing to you you do not need to answer it. All these figures would be overcome if there was no political boundary line between the two countries. How about that?

Mr. SHEILS: I would not be in favour of that.

Hon. Mr. EULER: That is what I thought.

Mr. SHEILS: You are suggesting that the United States become our eleventh province, are you?

Hon. Mr. EULER: Or!

Hon. Mr. CAMPBELL: Mr. Sheils, just following up Senator Crerar's question, you are familiar with what happened in the agricultural implement industry where there was a complete elimination of tariff between the two countries?

Mr. SHEILS: I would say reasonably so. I am not in that industry and I do not know as much about it as I would like to.