

whole has announced its policy when in convention assembled a couple of years ago, and they have mixed up reciprocity with free trade. In my opinion, the Liberal party want to throw their protectionists overboard before they can present to the Canadian people a sound commercial policy that will lay the foundation of permanency, economy and expansion. The same argument might also properly be applied to the Conservative party, if they desire to retain the confidence of the people. Time works changes in the public mind. I presume, that the protectionists in the Liberal ranks have held down the free traders so that there may be an open door in order that they may modify the views of the party on the line of protectionist interests that may exist in the Liberal ranks. I consider that reciprocity and free trade are two different things. They do not amalgamate—they cannot amalgamate. You cannot have reciprocity and free trade at the same time. Reciprocity conceives the idea of trading freely with one country to the exclusion of other countries in the world. Free trade means that you shall open your doors to the competition of the world in order that by that means the cheapness of production for all the commodities of life may be so assured to the labour and industry of the country that they may compete successfully in the larger markets of the world which are open to those who are able and have the resources and the faculty of producing or manufacturing. For that reason I desire to preface my question with some remarks on the question of free trade and of revenue which is involved of course with it. The rebate on exports is really a bounty on exports—and what has induced the government to adopt a new policy in regard to rebate on exports which has free trade for its foundation? The reason they have adopted a new policy, I think probably commences with the agitation launched by the Massey Manufacturing Company. That company is a large agricultural machine company, with a large capital employed in the city of Toronto. They have been manufacturing agricultural machines very largely for us in the North-west Territories and in Manitoba. They have sold us machines there on credit and long credit—one, two and three years, and the difficulties that we have had to contend with, the cost of the machinery, the distance, the freight rates and one thing or another has operated

to such an extent that the Massey Manufacturing Company have been obliged to withdraw a large portion of their trade and change the conditions on which they conducted it. Because they found we were not able—not that we were not willing, but we were entirely unable out of the receipts in pursuing our industry in that country in the growth of wheat, we were not able to meet the heavy demands made upon us for the purchase of machinery for the producing of that wheat, and they had to seek some other market for the employment of skilled labour and their capital which they had at their command. They conceived that it would be necessary for them possibly to change the location of their works—to move from Toronto to Buffalo in order that they might manufacture for the United States market, where they could get the articles entering into the production of their machinery for less money, where they can get iron at \$9 a ton, coal without duty, coal oil at 8 or 10 cents a gallon, and crude coal oil at less than 1 cent a gallon, etc., etc. All these things enter into their machinery, and if they wish to get into the markets of the world with a cheaper article it will be necessary for them to move from the city of Toronto to the United States in order that they may have the benefit of the cheaper articles to enlarge their operations and enter the markets of the world for the production of their machinery.

Hon. Sir MACKENZIE BOWELL—To a protective country.

Hon Mr. BOULTON—Yes, but from a country where the articles they require are higher than they are in the United States in consequence of unnecessary taxation. We in Canada have a protective policy, and, although in the United States iron, through the competition of the south entering into competition with the north, has brought the price down to \$9 a ton, we put on 50 per cent duty before the Massey Manufacturing Company can purchase that iron or iron produced in Great Britain or elsewhere by competition. It is quite evident to any one that it is impossible for the Massey Manufacturing Company to go beyond the confines of the protected area of Canada for a market for their machinery, when they have had to pay 40 per cent or 50 per cent more for the raw material they require for the