The government have gone so far in the support of this industry that they cannot stop half way. They must complete their work. Various causes have served to keep the iron schedules of the tariff "a thing of shreds and patches" rather than a well thought out, scientific arrangement, permitting of the pig iron produced by Canadian furnaces being worked up into finished products used by the Canadian people.

The encouragement given up to the present time has brought about the establishment of blast furnaces that are producing on an average about 1675 ton of iron per day from the following furnaces:—

	Tons.
COKE FURNACES.	
Dominion Iron & Steel Co., four furnaces, capacity 1,000 tons, two furnaces running, producing per day about	500
Algoma Steel Co., Sault Ste. Marie, two furnaces producing per day about	450
North Sydney, one furnace producing per day about	250
Londonderry, N.S., one furnace, producing per day about	100
Hamilton, one furnace producing per day about	175
Midland, one furnace producing per day about	130
CHARCOAL FURNACES.	
Radnor Forges, Que., one furnace producing per day	25
Drummondville, Que., one furnace producing per day	10
Deseronto, one furnace producing per day about	35
Total	1,675

If the furnaces at present in blast (eleven in number) were run regularly throughout the year, say 325 days, they would produce about 540,000 tons. If the two additional furnaces at Sydney, now silent, were run, they would add a further 500 tons per day. We have in prospect the building of two new furnaces, one at the Soo and one at Midland, with combined capacity of say 500 tons per day. The product of these furnaces taken together with the output of those now in blast would give us about 865,000 tons per annum.

Now, to make it possible for these blast furnaces to continue in operation and find an outlet for their product, the government must extend their tariff logically to cover the lines of finished iron and steel that have not yet been manufactured in Canada. For that reason the tariff must be increased on steel billets, (for which there is an excellent and immediate market, as the blue books will show), on structural steel, boiler and tank plates, hoops, bands, sheets, boiler tubes and other forms of iron and steel. If the government cannot see its way to follow the American plan of immediately putting on the duty and thus bringing about at once the natural development of the industry, they should at least give to capital the assurance that the moment plants are erected for the manufacture and supply of any of these staple articles in iron and steel, the same degree of encouragement, in the form of bounties and duties will be given to them as is already given to established lines. That such a policy would soon result in the establishment of new industries for the manufacture of these lines must be evident to the government in view of the result of the duty of seven dollars per ton they now impose on steel rails, and the bounty of six dollars per ton they grant to wire rods. Although steel rails and wire rods were not manufactured in Canada at the time the government announced its intention of giving such encouragement, capital was immediately forthcoming, works were rapidly pushed to completion, and already the combined tonnage of steel rails at the Soo and Sydney is from 900 to 1,000 tons per day, or an aggregate of from 260,000 to 300,000 tons per annum, while the Dominion Iron & Steel Co. is turning out about 7,000 tons of wire rods per month, for which they have an excellent market.

To show what effect the tariff has on the production of these mills, it is easy to see that the reason why the Dominion Iron & Steel Co. are not making steel billets for sale to the trade is that they find a much more profitable market in steel rails and wire rods, because a fair degree of protection and encouragement is given on the two latter lines, whereas the duty on steel billets is merely nominal, and will never bring about the manufacture in Canada of this special line for sale to the trade.

When the tariff is revised it should grant higher protection to the basic product, pig iron, than it now enjoys, and the bounty system should be extended for a reasonable period. A reference to the blue books will show that on account of the British preference, and the yearly reduction that has taken place in the bounties on pig iron, this branch of Canadian industry has suffered a greater reduction in government support since 1897 than any other line of business, whereas, as a matter of fact, it requires, to establish a Canadian iron industry, more consistent protection, and for a longer period than perhaps any other industry and enterprise in operation in the country. This is because it requires a larger investment of capital to establish the industry, and the risk to investors is greater in case of failure than in any other line, inasmuch as the blast furnace cannot be sold for any other purpose than that of the production of iron. Then there is the difficulty of securing and operating mines, testing ores, and so forth, which involve great expense and long continued experiments.

With respect to the statement regarding the reduction in tariff and bounty encouragement since 1897, it may be pointed out that previous to the bounty act of 1897 Canadian manufacturers of pig iron were given a protection by Customs duty of four dollars per net ton, and a bounty of two dollars per net ton, a total encouragement of six dollars per ton. The Act of 1897 cancelled this and gave instead a Customs duty of $2.50 per ton, and a bounty of three dollars per ton, when Canadian ore was used, or one-third less when foreign ore was used, a total encouragement of $5.50 per ton when Canadian