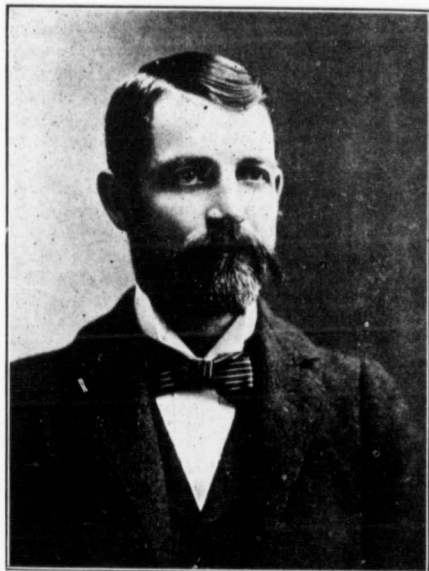


absolutely and entirely wrong on this point, and the facts in this instance are of common knowledge, and I must say my confidence in the accuracy of his circumstantial account of other matters about which I do not know anything, and about which from their nature as described by Mr. Cavanaugh, the public will not be well informed, is destroyed.

"We first sold our ore on the basis of the London price in January, 1900. All the smelters buying ore in this country bought ore here at that time on the London basis. Among those was the American Smelting & Refining Company, called by Mr. Cavanaugh 'the trust,' and it continued during 1900 to buy British Columbia ores on that system. When this change was made the reasons given us were as follows, and I have never had any occasion to doubt their accuracy:



The Hon. R. F. Green, Minister of Mines in the McBride Government.

"That all smelters, whether American or Canadian, buying ore in British Columbia, had been for some time past (I don't know how long) selling all of that lead abroad on the basis of the London price (excepting such part as the United States Government allowed to be retained in the United States free of duty; that the freight and treatment charges were based on the relation of that price to the New York price, upon which basis payment for lead had been made; that this was unsatisfactory and unbusinesslike; that the fluctuations in the price in London and New York did not correspond, and that obviously the proper market to govern the buying price was the market which governed the selling price; that instead of the deduction of the duty from the New York price there would be an arbitrary deduction from the London

price, but that this must not be understood to represent exactly the cost of refining and marketing, but that the freight and treatment charge and this deduction were taken together to cover costs of freight, treatment, refining, marketing and profit."

"We found that the change worked out to our great advantage during the year, as a few examples will show. Taking a quotation from each of the months of the year 1900 for lead on the London and New York markets and making an average of the same we have the following:—

London price, £17 5s., at \$4.84 exchange (per 100 lbs.)	\$ 3 73
New York price, less brokers' commission (per 100 lbs.)	4 08
<i>On the London price, one ton of ore assaying 65 per cent. lead:—</i>	
1,300 lbs. of lead at \$3.73 per 100 lbs.	\$48 49
Less 70 cents per 100 lbs.	9 10

	\$39 39
Less 10 per cent	3 94
Net value	\$35 45

On the New York price:—

1,300 lbs. of lead at \$4.08 per 100 lbs.	\$53 04
Less 10 per cent.	5 30
Duty on 1,300 lbs. at 1 1-2c	19 50
	\$24 80
Net value	\$28 24

Difference in favour of London price	\$ 7 21
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Later in 1900 another lead mine with which I was connected approached the producing stage, but we found the market for lead ores not so advantageous as at the first of the year. All the smelters, including the American Smelting & Refining Company were buying ores from British Columbia, but it was generally reported that they were dissatisfied with the present rates, that the business was unprofitable to them and that at the expiration of their contracts there would be an advance probably by means of an increase in the deduction from the London price for lead, the reason being that since an increased charge was necessary it should be made by bringing the deduction from the price of lead nearer to the equivalent of the refining, transportation and marketing costs. In this way the producer of 30 per cent. lead ore would not be taxed for the benefit of the producer of 65 per cent. lead ore. As our ore was in the latter class this did not suit us, but we had to bow to market conditions and make a contract with a greater deduction from the London price of lead than had been exacted in contracts made earlier in the year.

"At the beginning of 1901 we found that the American Smelting & Refining Company would not buy ores in this country at the rates offered by the other smelters, and this seemed to fully corroborate the statements made that the smelters had lost money on British Columbia business and that the increased rates