

purpose are now being made much heavier than formerly. Rails imported for ordinary railroad purposes might very easily be sold for use on electric roads. It would be much simpler to adopt the American method of imposing a specific duty upon all kinds of rails, which would be in entire accord with the Canadian tariff as applied to light sections of structural steel. It would be well, then, to make the duty on all steel rails, and on all structural steel uniform at \$7 per ton. At present prices this would be about equal to an ad valorem duty of 30 per cent.

Another illogical provision of the existing tariff is with regard to the heavier sections of rails and shapes, and the fact may be pointed out that under it while the manufacturers of steel ingots and billets are given protection to the extent of \$2 per ton, if more capital and more labor are invested by them in the conversion of their products into the higher forms of rails and architectural sections, no corresponding protection is afforded.

Too much stress cannot be laid upon the fact that the encouragement granted in the way of Customs duties to Canadian producers of iron and steel is very largely for the purpose of protecting our home market from unfair competition, but steel rails are in the free list, leaving Canada open to be a slaughter market for the overproduction of other countries, as is too evidently and painfully the case in the recent large purchase of German rails by the Canadian Northern Railway Co.

STEEL RAILS AND THE TARIFF.

A startling announcement was made last week to the effect that the steel rail department of the Algoma Steel Co., at Sault Ste Marie, Ont., had been closed, immediately following which this explanatory statement was published in *The Globe*, purporting to have been sent out by Mr. F. A. Clergue, president of the company:

The rail mill has shut down, having filled all orders booked, which have amounted to something over 30 000 tons. The company hope to secure the Temiscaming Railway order on which to start up again. There being no duty on rails coming into Canada, the present slaughter price of German rails has enabled the Canadian roads to supply their requirements at prices less than cost at the Soo mills, owing to great difference in labor conditions. The Soo mills in every step of their processes, from the mines to the finished product, pay American wages, amounting on the average to 100 per cent. more than German wages. Canada is now sending abroad over \$5,000,000 annually for rails, of which amount more than \$4,000,000 would be expended in Canadian wages and materials, if these orders were given to the Soo mills. The Soo mills have cost over \$3,000,000, and over 500 men are thrown out of employment by their closing down.

Without doubt the erection of the Algoma mills was a direct result of the action of the Ontario Government, begun while Sir Oliver Mowat was premier, and continued through the administrations of Hon. Mr. Hardy and Hon. G. W. Ross. A bounty was promised upon the production of pig iron in Ontario, made from Ontario ores; and liberal concessions were made in other directions which have resulted, among other things, in the establishment of the Algoma works. It was only a few months ago that the rolling of the first steel rail ever made in Canada for use in railroad construction was announced in this journal; and the hope was entertained that thereafter no steel rails would be imported, except in excess of the capacity of domestic mills to supply. It is true that the Algoma mills have been actively in operation ever since that time until now in the production of rails; and it came as a

painful surprise a few days ago the announcement that the Canadian Northern Railway Co., an entirely Canadian concern, had placed a large order for steel rails with a German rail manufacturer, the reason given being that the cost of the German rails was less than the cost of Canadian rails.

This journal has always contended that no steel rail mill could ever be successfully operated in Canada as long as steel rails were admitted duty free. We would not care to assert that the Ontario Government, who have done so much to encourage the establishment of the steel rail industry in this province, nor the Algoma Steel Company, who have, as Mr. Clergue states, invested more than \$3,000,000 in their Sault Ste. Marie Works, were misled into doing what they had done; but in view of the fact that protective duties were imposed upon other heavy shapes of steel, they had reason to believe that as soon as a Canadian mill was prepared to roll steel rails, just so soon would an adequate protective duty be imposed upon the article. Had this been done, the Algoma mills would not have been closed, and the track of the Canadian Northern Railway would not be equipped with German rails. The statement is made in American, British and German papers that the prices obtained for German rails, when exported, are considerably less than prices obtained when they are used in the construction of German railroads. Were steel rails dutiable under the tariff, it would have been competent for the customs officers to value imported rails for customs purposes, at the fair and true market price in the country producing them, and that regardless of what might be actually paid for them by the importer; and that is one of the protections provided by the tariff against fraudulent valuations, and to prevent this being made a slaughter market for the products of low priced labor of other countries. That rule would work did an ad valorem duty prevail; but in case a specific duty prevailed, that duty would have to be added to the price paid the foreign maker, and that would most probably determine whether Canadian railroads would be built with German rails, the product of German cheap labor, while a most valuable Canadian industry lay in idleness, and Canadian workmen forced to face the inclemencies of the weather without occupation.

The situation is one of deep concern to every man in Canada, and it is to be hoped that as soon as the Dominion Parliament assembles, as it will most probably do in February, steel rails will be placed in the dutiable list of the tariff.

NOTE.—Mention is made elsewhere in these pages to the effect that the Algoma Steel Co. has been awarded a valuable contract by the Ontario Government for manufacturing rails for the Temiscaming railroad, now in course of construction, and by the Dominion Government for rails for the Intercolonial Railway.

CANADIAN FOREIGN TRADE—A COMPARISON.

At the recent Detroit National Reciprocity League conference, some facts and figures were introduced bearing upon the trade between Canada and Great Britain and Canada and the United States which are worthy of consideration. These facts are collated from the Dominion trade and navigation returns for the fiscal year ended with June 30, 1902, and show that the trade conditions during that year do not differ materially in character from the conditions of the immediately preceding years. The import percentage of total trade with Great Britain was 29.66 per cent. With the United States, without including precious metals in the exports, 72.81 per cent. With Germany 80.23 per cent. With France 83.27