

of Pennsylvania, they have the rock out of which the cement is made, and the clay, and they have the additional advantage which is a very great advantage, of having the coal, which is a very large part of the cost of manufacturing the cement, at the door. So that they have the rock, the clay and the coal together. Our manufacturers have to import their coal, and the freight they have to pay is what adds very largely to the cost of production. It makes it utterly impossible for the Canadian manufacturer to manufacture as cheaply as does the American manufacturer. If the cement industry is to thrive in Canada, it must be protected to some extent. Of course, there is this to be said on the other side, that where the natural disadvantages are so great, it is a debatable question, I should think, as to how far the government ought to go in overcoming the natural disadvantages that exist.

Mr. CRAWFORD. Surely the cost of freighting coal will not be very much more than the freighting of the cement. It only costs 50 or 60 cents a barrel to manufacture, and they charge from \$1.30 to \$1.50 a barrel.

Mr. MILLER. I think that the hon. gentleman must have received his information from some of the prospectuses issued by the promoters of new companies, and if he will purchase stock in any of these companies, he will find that it is not such a paying business as he supposes.

Mr. CRAWFORD. These companies are capitalized at about three times the amount of money invested, and they are endeavouring to make a profit on that capital.

Mr. TELFORD. I know from personal investigation made last year out of ten or twelve mills in operation in Canada, not more than three companies paid any dividend. This year I believe a number will pay dividends, because we are able to sell cement for \$1.50 a barrel at present, whereas last year we were selling it at from \$1 to \$1.20 a barrel, and many of us could not manufacture it at that figure. I made inquiries of a number of cement manufacturers in our own town, which is the centre of the cement business, and I ascertained that most of them were paying \$1.25 and upwards a barrel as the cost of production. This year, however, a number of our manufacturers are able to manufacture for about \$1 a barrel, and I understand that the cement company at Hull will be able to manufacture for less than that. Up to the present time I think we have had on it little enough protection, but I think the protection which the government is giving us on the bags will be quite sufficient to enable us to make reasonable profits. In so far as I am concerned, I do not want to see any additional duty imposed, because I believe if more were imposed the resultant increase in profits would induce a number of people to invest more

money in new cement manufactories, as we have abundance of the raw materials out of which cement is made all over the province of Ontario. The reason we were in such straitened circumstances last year was simply because a very large number of people had been induced to put their money into cement. We were manufacturing more than the country could consume, and the consequence was stagnation. We could not dispose of our product, and we had to take less for it than it cost us to manufacture. The result of this was that a great number of us went behind. This year we are selling at \$1.50 a barrel, and we expect to be able to pay a dividend. Many of the companies engaged in the manufacture of cement are over-capitalized. There has been a great deal of water put into the stock of some companies, and they expect to get dividends upon it, these expectations will not be realized, but those companies which are established on a cash basis will be able to pay reasonable dividends, except those that ran behind in previous years, and which have to make good their losses during the present year.

Mr. CLARE. The hon. Minister of Finance made a statement that the duty would have to be paid on all importations, no matter whether they came from the other side or not. If that is the intention of the hon. Minister of Finance, why not carry it out? If the statement of the hon. Minister of Customs is correct, then the intention of the Minister of Finance is not being carried out. A clause should be added to this providing that the duty shall be collected on every importation.

Mr. FIELDING. As far as the duty on the bag is concerned, we have done precisely what the cement manufacturers asked. Of course, they will be glad to have us do something more, but on that branch of the question we have done exactly what they want. They are aware of the law as to packages. How many bags will be returned is a question that is open to a difference of opinion. I have been informed that some bags are made of paper, and probably these will not be returned at all.

Mr. COCKSHUTT. They will pay no duty on these?

Mr. FIELDING. It is a question of value. There will be 25 per cent on the value, whatever it may be. How far this will be an advantage to the cement manufacturers may be a question to determine; but, at all events, on that point we have done exactly as they wished. We do not propose to change the law in respect to packages. The law applies to all packages, and the cement manufacturers are aware of it. I am told that many bags are made so that they can be returned. It may be that many bags are made of such material that they will not bear the strain of going back-