the use of the high volatile coals in the chief New England markets, except under conditions which are commercially unattainable.

6. So far as we can judge, reciprocity would give us nothing tangible to make up for the loss of other markets, and would lead directly to a decrease of production. It might be that with a lessened production of coal throughout the province, labour would be more plentiful, wages lower and supplies cheaper, and that the collieries capable of being most economically worked might thereby be able to avert the more serious consequences, but this would merely place the burden on other shoulders.

7. It is scarcely necessary that we should refer to the effect on the Province of Nova Scotia; on the provincial revenue from royalties on coal; on the miners and other workmen; on the trade of the province, both internal and with other provinces. The large coal carrying trade on the St. Lawrence would be curtailed, and its benefits to the ports on the St. Lawrence and in Nova Scotia correspondingly decreased.

8. Several objections of a practical nature may be briefly stated:

(a) There are obvious disadvantages inherent in a terminable arrangement; they cannot be eliminated, and a long term agreement would only defer them. During the period of reciprocity new and cheaper lines of carriage would be developed; new business connections and alliances built up; consumers would become used to and provide appliances for a different class of coal, etc. All these conditions would be the more developed as the period is lengthened; they would make the recovery of our lost markets very difficult, and tend to perpetuate the control of our markets by the American coal mines.

The lack of permanency would also affect the installation of the facilities for handling coal, without which the Nova Scotia collieries could not hope to enter the New England market. Wharves, discharging plants, railroad connections, etc., would involve a heavy investment of capital, which would be imprudent under a terminable arrangement, even if the other conditions would justify it.

(b) It must be expected that our American competitors will join with the railways and others to hold the home market; such an alliance would be more effective now than at any time in the history of the trade, because of the conditions referred to above.

(c) The mere removal of the duty would not place us on equal terms; we should be in a foreign market, with everyone who could be moved by patriotic, local or interested motives, working against us.

(d) As regards the anti-smoke legislation, which in itself seems to put the question of reciprocity outside the possibility of discussion, it may be argued that reciprocity would lead to a modification of this law, but the State Legislature and the municipal authorities are not controlled by the Federal Government, and we see every reason to look for a wider application of the principle rather than the reverse. It appeals to the ordinary American citizen as a distinct advance in civic conditions, which incidentally supports a home product, and he would be strongly influenced by both considerations.

10. This memorandum expresses the views of this company only, and does not assume to speak for others, but the judgment expressed above as to the disadvantages of reciprocity to the Nova Scotia collieries is concurred in by producers of 90 per cent. of the coal mined in the province.

Some general considerations bearing on the question are set out in an appendix in further support of our views, and the whole is respectfully submitted for the consideration of the Government.

For the Dominion Coal Company, Limited.

J. H. Plummer, President.

Montreal, 8th October, 1910.

Appendix.

The foregoing memorandum is directed to the situation as more particularly affecting Nova Scotia, but if our belief as to the effect of reciprocity in that province is well founded, it is fair to ask whether the conditions elsewhere call for such a sacrifice of Nova Scotia interests.

2. So far as we are aware no objection to the continuance of a duty on coal exists in the Province of Quebec, except of the most limited character.

Objection is said to exist in the Province of Ontario, which province largely benefits by the demand for machinery, food supplies, etc., created by the coal industries in Nova Scotia, and by the iron and steel industries which depend on and are bound up with them. The following comments on the position of purchasers of coal in Ontario are therefore respectfully submitted:

(a) The manufacturers of Ontario are not handicapped in their manufacturing costs by the duty; the cost of coal to them, duty paid, is about the same as to their eastern competitors. In the case of slack coal, which they use largely, the duty is so low that its removal would have no material effect.

(b) No tax is more fairly distributed. Manufacturers add it to their costs and prices, and, in theory, if it were removed the saving should go to their customers. Railways add it to their passenger and freight rates, and, theoretically again, if the duty were removed their rates should be reduced by precisely an equivalent amount, as the tariffs approved by the Railway Commission are based on the current cost of operation.

(c) It may be doubted whether the removal of the duty would decrease the price of coal in Ontario; it had not that effect in the case of anthracite. It is true that there is more competition in bituminous coal, but the business of mining soft coal in some of the districts which supply Ontario is known to be in a very unsatisfactory state, and carried on without a reasonable profit, and it may, therefore, be expected that with the removal of the duty, the mine owners would try to hold the market at current prices; it would be entirely within their control, and the Canadian consumer would be helpless against any combination that might be formed.

(d) The coal industry of Nova Scotia, with the iron and steel industries which directly depend on it, furnish the chief exports from the province to other parts of Canada, and are the foundation, in turn, of the large purchases made by Nova Scotia from the western provinces. The volume of this trade is unquestionably very great, and it is secured to the farmers and manufacturers of Ontario and Quebec by the tariff.

The cost of these imports is relatively high, and the prevailing wages paid to miners and steel workers are also high, due chiefly to the high cost of living. These conditions are accepted as equitable under a fiscal policy which seeks to protect all parts of Canada alike, but the same consideration requires that no changes which would disturb the general balance of trade, or injure one province to benefit another, should be considered.

3. The importance of the industry to the Province of Nova Scotia is very great. Its entire revenue in 1908 amounted in round figures to $1,783,400, of which $616,900 was derived from royalties on coal. The proportion