CANADIAN MANUFACTURER AND INDUSTRIAL WORLD

DEVOTED TO THE MANUFACTURING INTEREST OF THE DOMINION

Published on the first and third Friday of each month, by the CANADIAN MANUFACTURER PUBLISHING Co., (Limited).

63 FRONT STREET WEST, - - TORONTO.

FREDERIC NICHOLLS, *Managing Director.*
J. J. CASSIDEY, *Editor.*

SUBSCRIPTION, - - - - $2.00 per year.

ADVERTISING RATES SENT ON APPLICATION.

MR. FREDERIC NICHOLLS is Secretary of
The Canadian Manufacturers' Association,
The Woolen Manufacturers' Association, and
The Tanners' Association.

His Office is at the Publication Office of the
CANADIAN MANUFACTURER,
63 Front Street West, Toronto.

CANADIAN IRON ORE.

IN a letter published this week in the Toronto *Globe*, Mr. T. D. Ledyard, arguing in favor of Reciprocity, whereby the rich ores of his Peterborough iron mine would be admitted into the United States duty free, says:—"Andrew Carnegie, the great authority on iron and steel, has just expressed himself to the effect that cost in manufacture is only one element. To manufacture cheaply the works must be large, and so situated that they can reach a market which will absorb all their products without too heavy freights. The Canadian market is too small and too scattered for large furnaces to be profitable."

The language here attributed to Mr. Carnegie does not express the meaning of what Mr. Carnegie said. Mr. Ledyard used only that portion of it that suited his purpose in endeavoring to show that Reciprocity with the United States is essential to the development of the iron manufacturing industry in Canada, the object being to show that the industry would be unprofitable if confined to the Canadian market, because extensive plants could not be used; while, with the additional sixty million market, Canada might reasonably hope to establish such works, selling the surplus in the United States.

Mr. Carnegie was speaking of the great activity in the iron trade in the United States; and he alluded to the present condition as being due to the fact that prices have advanced so much in Europe as to prevent the iron manufacturers there seeking a market in America. Discussing the effect that a reduction of duties would have on the country, Mr. Carnegie said:—

> The revenue reformer of free trade proclivities always makes two assumptions which are incorrect. First, he compares costs on both sides of the Atlantic, adds the freight charges to America, and assumes that this should be the measure of the tariff against the foreign product. Now, difference in cost is only one element. To make iron and steel articles cheaply a manufacturer must make, let us say, 1,000 tons a day. If he can find a market for 750 tons a day to net a small margin of profit, he had better sell the remaining 250 tons in America at an actual loss of several dollars per ton than to restrict production.

Mr. Ledyard quotes Mr. Carnegie approvingly on this point, and we accept him as authority. But Mr. Carnegie's contention is that American Protection must prevail against the surplus of foreign manufacturers; and this is where Mr. Carnegie's theory agrees with Canada's National Policy. If it is essential that the United States, with its innumerable metallurgical works and its unmeasured wealth invested in them, in this its spring time of prosperity, find Protection necessary to defend them against being made the slaughter market of European works, how much more is Protection necessary to Canada against similar encroachments from the United States, which Reciprocity would remove?

Speaking of the demands of the South as well as the West and the North-West for the continuance of the tariff on iron ore, Mr. Carnegie, alluding to the iron and steel works in Western Pennsylvania in which he is interested, says that he can use foreign ore or Lake Superior ore indifferently; that he has used many hundreds of thousands of tons, in some years, of the foreign article, but nevertheless he is certain that the permanent prosperity of the United States will be promoted by retaining the present duty on iron ore. This is very good testimony from Mr. Ledyard's witness; and indicates very strongly that our American neighbors are not at all willing to admit Mr. Ledyard's Canadian ores free of duty. In sustaining his views Mr. Carnegie shows that the ores mined in Cuba can be placed on shipboard at a cost of $1 a ton; and he argues that as Cuban labor cost only sixty or seventy cents a day, and as no royalties have to be paid on the mined ores, they can well afford to pay a duty of seventy-five cents a ton, while American ores are mined at a cost for labor three times as great. Says Mr. Carnegie:

> It is always folly to attempt what is impossible. It is not the East nor the West, especially not the State of Pennsylvania, which is most vitally interested in the development of American mines, but the South. When the Mills Bill was under consideration not a voice was heard from Pennsylvania in regard to the ore, iron and steel branches. It was gentlemen from Alabama, Tennessee and Virginia who protested; and so it will be in the future. So strong is the desire to develop the mines in the United States that at the last revision of the tariff this sentiment was able to increase the duties on ore. We can never maintain our industrial supremacy if we have to depend for one or other supplies upon foreign markets. We must be sure of a home supply.

Speaking of the growing competition of the South in the manufacture of iron, Mr. Carnegie said at a recent banquet in Birmingham, Alabama: "There is room in the United States for a dozen Birminghams, and Sheffields, and Bristols and Pittsburghs; the only article for which there is not room for more than one is the American flag." This ought to satisfy Mr. Ledyard, the *Globe* and the rest that Reciprocity stands no sort of a chance there.

The Reciprocity fad should be abandoned, and the construction of iron furnaces in Canada be begun.