plainly shown that immediately before and shortly after the establishment of local smelters rates were reduced, thus indicating that local competition exercised a salutory influence.

The effect upon the rates charged on ores low in lead or altogether dry has been much more marked, as in those cases the home smelter has had a much greater advantage over the foreign smelter. In the case of the heavy lead ore (besides the fact that the foreign smelter has wanted the lead as a carrier for his revenue producing dry silver ore) when paying freight on it to his smelter, he has conveyed thus far towards its ultimate destination the lead contents, so that he has paid freight on very little waste material, and in that way the home smelter has that much less advantage over him, but, as the ore descends the scale in lead contents, so does the disadvantage to the foreign smelter increase. For example, when the local smelters commenced buying Slocan "dry" ores, the rates charged were $13.50 per ton or thereabouts. This charge has been since steadily reduced until at the present time the rate on different classes of dry ore varies from $3.12 to $10, the larger proportion paying a rate of from $7.50 to $8, while for certain silicious ores which the smelter requires for mixing, a freight and treatment rate of $6.50 is afforded.

To compare the operation of local smelters with the large American Reduction Works, as has been done, is manifestly unfair, and proves nothing. It is a very different problem to get low costs with a very large plant, handling large quantities of ore of similar analysis, that is, handling the production from large mines, so that the problem of handling the ore and the metallurgical problem is greatly simplified, from cases where the smelter has to handle a large assortment of different kinds of ores purchased in small parcels and with a constantly changing combination to deal with in the furnaces, very often with unknown peculiarities about them that are only ascertained after experience; for the ordinary analysis does not tell you everything about how an ore will behave in a furnace. And as these latter are the conditions which confront local metallurgists, it is practically impossible for outsiders, not having access to the books of the smelter to determine whether or not the present charges are fair. All the grounds for argument then must rest on a comparison between rates to-day and those in force when the stimulus of keener competition existed. If the present rates are now higher, then that should certainly constitute reasonable cause for complaint. But if it is true that the local smelters are making the large profits, as they are credited with doing, it is somewhat remarkable that Nelson and Trail should be allowed to remain in sole possession of the field, particularly as we remember a bonus of $50,000 was offered, without avail, by the town of Kaslo for the establishment of reduction works at that place. Meanwhile in reply to our enquiries we have received the following letters:—

From Mr. George Alexander, manager of the Ruth and other mines: "I have to acknowledge yours of the 9th inst., which reaches me just as I am about to leave home, owing to which I am obliged to answer it without taking the time necessary for looking up the records on the points which you specify. But I may answer your enquiry generally by saying that I have been for some time past shipping the lead ores from our properties in the Canadian smelters, and that I am entirely in favour of the treatment in British Columbia of ores mined in British Columbia wherever this can be obtained without serious loss. Under the same freight and treatment rates as we are at present receiving from the Canadian smelters, we could at present sell to San Francisco, Everett, or to the American Smelting and Refining Company.

I think I am representing the opinion of the other shippers in saying that the existing freight and treatment rate ($15, reduced by 20 cents per unit of lead under 40 per cent., 10 per cent. zinc limit) is satisfactory to the producers, and represents a fair living rate to the smelters and transportation companies. It can hardly be said to represent a fair living rate to the producers, and I am confident that any attempt to increase this rate would not be accepted by the producers. The result of a bounty on the lines submitted by the lead producers would be, I believe, to increase the supply to a point at which the existing freight and treatment rate would be a fully profitable one to the smelters and transportation companies.

"There has always been a strong feeling among the producers that if they can get better freight and treatment rates in the United States than in Canada, they should not be debarred from availing themselves of them. In my case, and I believe in all others, we are anxious to see this principle admitted only as a protection against unfair treatment resulting from a monopoly, and not at all as a means towards reducing the smelting business in Canada and kindred industries, which we are all interested in building up. I believe that solely as a protection against the abuse of a monopoly, and in view of the very limited provision for local smelting at present, the granting of a bounty should be accompanied by permission to smelt abroad ore mined in British Columbia, and bring back the smelted product subject to duty on smelting process only, if it can be shown that substantially better results will accrue thereby to the Canadian producer than by availing himself of home smelting; but I feel confident that under such a provision it would not be found necessary to export any ore for smelting abroad, and at the same time the Canadian producer of lead ore would be receiving reasonable protection against unjust treatment."

The following is excerpted from a letter by Mr. W. J. Cavanaugh, of the Slocan Star mine, which was published in the Nelson *Daily News* of June 10th :—

"For six years I have been in a position to know what one mine in the Kootenay received for its ore, and at different times have had access to the smelter returns of different properties.

"For several years after the silver-lead mines of Kootenay were opened, we were obliged to sell to the United States smelters; there being no lead smelters in operation on this side of the line. Several lead smelt-