

THE LAKE SUPERIOR CORPORATION

Mr. J. Frater Taylor, vice-president of the Lake Superior Corporation, made the following remarks at the annual meeting of the corporation, held in Camden, New Jersey:

Gentlemen,—We, as directors, are glad to meet you here to-day, particularly so as we have a favorable report to present. This time I think you will agree that we have been able to lay a report before you which shows that distinct progress has been made. It is interesting to glance over our activities of the past four years, and to see briefly what has been done during that period, and to say a few words as to the outlook. Four years ago we had at Sault Ste. Marie and at Sudbury, railways hopelessly incomplete, running to nowhere, and we had a steel plant, which was only the nucleus of a plant, and which consisted of two small furnaces, able to produce 500 tons of pig iron, and a rail mill able to turn out 700 tons of rails per day. During the period I refer to we have had visits from several of our more important shareholders, and they will appreciate more than my words will be able to convey to you what has been accomplished recently at the "Soo" and elsewhere, by way of development of the properties of the Lake Superior Corporation, and its subsidiaries, but there are two or three outstanding features of development to which I would like to call your special attention. I have told you what existed some four years ago, and I am going to tell you what we have now.

Our report indicates to you how we fared in the matter of our railways. The Algoma Central Railway is within a short time of completion. On the 1st of January next, it will be in operation as far as Oba, which is the junction point with the Canadian Northern Railway, one of the three great trans-continental railways of Canada, and a few months later it will have pushed its way to its junction with the Grand Trunk Pacific, thus opening up vast possibilities for traffic. At Sudbury we have also been busy with railway construction, and the Algoma Eastern Railway will be completed, also for operation, at the beginning of next year. There are great possibilities in connection with both railways, and the traffic immediately in sight for the Algoma Eastern Railway is expected to bear very prompt results. Both railways have been completely equipped so far as their immediate requirements in terminal facilities are concerned, and both have funds in hand for their further equipment in this direction. At Sault Ste. Marie and at Little Current, the respective terminals of the Algoma Central and the Algoma Eastern Railways, the usual railway terminal facilities have been provided, but in addition, up-to-date coal docks and commercial docks with all modern unloading appliances are being built. At Michipicoten Harbor, on the Algoma Central Railway, provision has been made for ore and coal docks. It is expected that coal will be handled in large quantities for at least two of the trans-continental railways, Michipicoten being a handy port for that purpose. Activities have commenced on the land grant of the Algoma Central. The Lake Superior Paper Co. have established themselves at the Soo with a most up-to-date 200-ton paper mill, and in addition to an interest in the equity of this business, we have secured to our railway, stumpage dues or royalties on all woods for pulp-making purposes cut from land grant lands.

In addition to our railways, we have had responsibilities in the matter of our public utilities. We had a losing proposition in the street railways, but they now have turned the corner, and are doing well.

We now turn to the most prominent of our own subsidiary companies, namely, the Algoma Steel Corporation. I think that we have endeavored to convey briefly in this, and in other reports what has been done, but the magnitude of the work which has been carried on, and brought to a head can only be fully appreciated by those who have visited the works, and I can only repeat at this juncture an invitation to the shareholders to come and see for themselves what has been accomplished. Not only did we start off with a view to enlarging the blast furnace end of the plant, not only have we built coke ovens, obviating the necessity of importing coke, and increased our output of pig iron by 500 tons a day, but we have built more open-hearth furnaces, have put down a most up-to-date power plant, second to none on this continent, and further, since our meeting here last year, we have put in a new blooming mill, and have remodeled our rail mills to the extent that we now have 1,200 tons of rails per day in sight, against 700 referred to before, and have, of course, in addition, the product of our merchant mills, so that in effect the finished capacity of the plant is twice as great as it was four years ago. All this expenditure has absorbed a great deal of money.

In looking over the records of the four-year period under review, I find that altogether, outside of transfers from one subsidiary company to another, on capital account, a sum of more than \$26,000,000 in cash has been spent, in connection with the steel plants and railways, and our story is not yet told. I am sure you will agree with me when I

say that any business of the magnitude of the Algoma Steel Corporation must continue to progress, and its progress must of necessity involve the spending of more money on capital account. Your directors have, however, endeavored to pursue a cautious policy. We have waited as a matter of fact until we have obtained the expected results from our first expenditure, and when I tell you that we have arrived within a few cents per ton of our expected costs for steel rails, you will, I think, agree that our conclusions have successfully reached the contemplated point.

As I have said, we are endeavoring to pursue a cautious policy, but we are alive to the necessity of developing the plant to keep up with the growth of Canada. It is true that at the moment there is something of a lull, particularly so far as finance is concerned, but our particular business is one which cannot have any element of slackness in it for several years to come. Obviously, with the continued and increasing acreage under cultivation in the West, with the development of the country, and with the opening of it up by the great railroads, our industry is one which can reasonably be regarded as being safe in the matter of demand. Your directors have under consideration an enlargement of the plant, which will enable us to produce, subject to proper tariff protection, an alternative tonnage to steel rails. Canada is absorbing steel in other directions in large quantities. Big buildings are being constructed, large bridges are being erected, and we propose to have a share of this business, and to cater generally in the direction in which Canada's growth and demand lies.

I do not wish to occupy much more time with my comments on the Algoma Steel Corporation's business, but I cannot help reminding you gentlemen that what was an unbalanced proposition some years ago, is now a balanced one, in so far as its operation and its raw material are concerned. The Steel Corporation owns its own coal mines, both Pochontas and Cannelton, and owns its own limestone quarries, and also possesses considerable quantities of ore in Canada. We have been busily endeavoring to overcome some of the difficulties attendant on the use of Canadian ores. We have had high sulphur to contend with, but fortunately at our Magpie Mine our efforts are likely to prove successful, and by successful, I mean commercially successful, so that for our open-hearth furnaces at the Steel plant, and any development thereof, we shall be exceedingly well covered, so far as ore is concerned, for the making of basic pig iron.

There is one thing further which I wish to say, and it is this: In dealing with such problems as the treatment of the leaner ores, we consider that we are entitled to all assistance possible from the government, and we rather think that the Dominion Government will be inclined to listen to our representations. It is vital to our minds that the government should realize its responsibility in the development of its iron and other mineral resources, as much as in the conservation and uses of its woods and forests, and if Ontario is not possessed of the rich ores that are found in Minnesota and in the United States, there is nevertheless an abundance of ore of a kind, which can be made commercially useful, and which, particularly with government assistance, can be made readily available.

There is another point, so far as the government is concerned, and it is that they must still take a decided interest in the steel trade in Canada. Some time ago, in the matter of bounties, their assistance was withdrawn. I do not suggest that those particular bounties should be renewed, but I do suggest that adequate protection should be afforded to the steel trade in Canada, which is one of the basic industries of the country, and I suggest further that their assistance should take the shape of affording adequate tariff protection, and of encouraging the various branches of steel-making which do not at present exist, and strengthening those which do exist. I cannot help feeling, as one deeply interested in the steel business in Canada that a great and vital mistake was made, and is being made in not affording an adequate tariff for the purpose of protecting such as the rod-making industry, and I hope that in the near future, this will be remedied.

I think, gentlemen, that I have taken up sufficient of your time with these few remarks. If there are any questions which any shareholder would like to ask, I shall be very glad to answer same to the best of my ability.

At the above meeting, the following were elected Directors:—W. K. Whigham, London; Frederick McOwen, Philadelphia; Herbert Coppel, John T. Terry and Jos. S. Dale, New York; W. E. Stavert, D. C. Newton, Montreal; Thomas Gibson, Toronto; J. Frater Taylor, W. C. Franz, Sault Ste. Marie, Ont.; and A. H. Chitty and James Hawson, Sault Ste. Marie, Ont.

The following Officers were elected:—President, J. Frater Taylor; Chairman of the Board, W. K. Whigham; Vice-Presidents, H. M. Coppel and W. C. Franz; Secretary, Thomas Gibson; Assistant Secretary, Alex. Taylor; Treasurer, A. H. Chitty.