

of pig iron, it enables them to compete more successfully with the men who manufacture bar iron out of scrap. If there is anything in it, it is that the result of giving this bounty will be to enable parties who manufacture iron in pig and then in roll, to sell it \$1.50 cheaper than the manufacturers of bar. That is the only point in that circular. The hon. gentleman sees it, and knows it. It places the men who have rolling mills in a less favorable position than before. Why? Because these men having the bounty can undersell them. If the hon. gentleman is in a position to give a bounty of \$1.50 on iron manufactured from scrap, he will be very much more liberal to this industry than the Government. What difference does this proposition make? It is simply that the producer of iron from the ore, who smelts it and converts it into pig iron, receiving a bounty of \$1.50 per ton for the pig, can sell his bar iron cheaper than he could do if he did not receive such bounty. Many of the rolling mills do not complain. I know that one of the firms signing this circular asked that we should impose an export duty upon scrap iron because it is bought by our American neighbors and taken out of the country. The other party whose name is attached to the circular urged that the Government should place a very considerable duty, nearly double what at present prevails, on iron made from scrap and rolled into bar and sheet iron.

Mr. BLAKE. The hon. gentleman knows how this thing has worked under the duty of \$3 with respect to the Londonderry Company as compared with the bar iron makers; the hon. gentleman's proposal will aggravate the present state of things. An advantage as against the other manufacturers of bar iron in the country, made not for sale, but principally in their own works made from raw material with a duty of \$2 a ton to be converted into bar iron. Now, in addition to the duty of \$2, a bonus of \$1.50 a ton is given; so if, taking the Londonderry Company, they make 30,000 tons, and use the bulk of it in making bar iron, they will have an advantage of \$3.50 a ton over those who are obliged to import, whether of scrap or other iron, &c., and they will have a certain protection over the importers of scrap. Scrap iron is free, and they will have a benefit of \$1.50 a ton over the importers of scrap, and of pig iron \$2, making an advantage of \$3.50 over those who import pig iron for the purpose of manufacturing bar iron; that will be with relation to those engaged in the production of the raw material for bar iron as opposed to those engaged in the conversion of the raw material, pig iron or other iron, into bar iron. It has so worked, to the extent of the duty, in past times. It has been different from the case, if simply the Londonderry Company, or some other company, manufacturing pig iron, sold it in the general market. I know that they sell a considerable quantity of pig iron in the general market, or if not in the general market to particular industries, and I believe that the bulk, or a very large portion of their trade, has been in finished articles; and I suppose that it will be now still made in the finished article, in which, too, they obviously gain an advantage. If the same course is to be pursued with other companies as the hon. gentleman suggests—and obviously that is his expectation, because the country is not limited to the supposed production of pig iron, to the importation and present production of pig iron, because there was bar, and that would be produced by companies who also convert it—it is quite clear that the extent of the bonus and duty given, will involve a very considerable enhancement of the cost of bar iron, paid partly by the consumers of bar iron, so far as this duty is concerned, and partly by the whole public, in so far as the bounty is concerned; as far as I can understand it, that will be the result. Then I was anxious to ascertain from the hon. gentleman what was the number of companies that produce pig iron, which he expected would be inaugurated by this system; and he has

Sir LEONARD TILLEY.

not, of course, been able to give us a good statement of that at all; but suggested two, as I understood him, at Ottawa, and one at Belleville. May I ask him whether either of these companies, or have any persons, who have applied to him on this subject, ever made suggestions as to the difficulty created by the coal duty in the prosecution of this industry.

Sir LEONARD TILLEY. Yes; they have. They stated that as one of the difficulties they had to contend with—I now refer to Ontario.

Mr. BLAKE. Yes.

Sir LEONARD TILLEY. The western part of it. Now, let me follow up the statements made by the hon. member. He says that the duty of \$2 per ton on pig iron produced in this country operated to the disadvantage of the rolling mills. If this statement be correct—and I know that this is the allegation made by some parties now under this proposition—then I would have to take back very largely the statement I made, that up to the present time the imposition of \$2 on pig iron was an increase of expense, because if it has the effect that the hon. gentlemen alleges, and decreases the profit of the rolling mills, then they must have sold the iron produced from pig, when manufactured, at a less price, than they otherwise would have done, in order to so affect the rolling mills—there is no question about that. If as the hon. gentleman says this has a very damaging effect on the rolling mills, the only effect will be the reduction of price by the party manufacturing, who made pig and put it into bar iron. If that was not the case, and he simply had a profit of \$2, then the man who made iron out of scrap was not injured, because he gets the benefit of the increased price. Let me say this with reference to the position of the man, or company, that manufactures from scrap, at present, as compared with what it was in 1878. Then scrap was free as it is to-day, and bar paid 5 per cent.; and the rolling mills had only 5 per cent. protection. Now, scrap is free, and the products of the rolling mills have 17½ per cent. protection; that is the difference between the two; and I do not hesitate to say that the other rolling mills in the country are perfectly satisfied with this state of the case. I have heard nothing against—on the contrary, as far as the Montreal rolling mills are concerned, they approve; and the only difficulty at Hamilton, is, they say, because in the city of Montreal scrap iron is not subject to the same competition as there, where they are near Buffalo, which has large iron works that buy scrap, and consequently they found a difficulty in getting raw material, which is scrap iron; but my hon. friend will see that if there is anything in this argument at all, and in the statements made here, it is clear that this duty of \$2 imposed on pig, and the bounty to be paid, will reduce the price of the article produced in these industries.

Mr. BLAKE. Not at all.

Sir LEONARD TILLEY. Otherwise it could not touch the manufacturing industries.

Mr. BLAKE. Hear, hear.

Sir LEONARD TILLEY. That is the fact. The hon. gentleman may say "hear, hear," but he knows, and feels that, if his position is correct, this must be the result.

Mr. MACKENZIE. If the hon. gentleman thinks so, why does he not impose a larger duty?

Sir LEONARD TILLEY. I do not think so, and I have not said so; but that is the argument put forward by hon. gentlemen who come down here, and by the hon. gentleman who has espoused their cause. They really state that the effect will be to cheapen the article. I need not enlarge on this subject. Our object was to establish sufficiently the industries of the country, since we have plenty of ore to produce all the iron we want. No industry named, or scarcely none, in fitting an article for market, employs so