

development in Toronto, Montreal, Ottawa and Peterborough, where dynamos, cars and other plant were manufactured. In reply to possible objections, he pointed out that, although electric roads in cities may pay, they were not likely to do so in towns and connecting links. These roads received no assistance in the towns, and in the cities contributed to the municipal revenue. In view of the great possibilities or the future of electric lines, it was desirable for the Government to declare its attitude as to the tariff on rails. He reminded them of the injustice of admitting rails free for steam railways, which were bonused heavily by public funds, and exacting a heavy duty on rails for roads which received no bonuses. Mr. Girouard, M.P. for Montreal, made a presentation of the legal aspect of the case, and contrasted the development of electricity and steam. He also dwelt on the inconsistency of taxing steel rails in one case and exempting the same article in the other. Mr. Martin, Q.C., of Hamilton, illustrated the subject by the case of the Hamilton street railway. He made out a case for the electric road as a public benefactor by providing rapid and cheap transportation to mechanics and others from their work in the city to comfortable homes in the suburbs and outskirts. After a few other speeches, Sir John Thompson said that the question of discrimination was one worth considering, but he believed the act provided for taxing street railway rails. However, the clause in the tariff was open to two constructions, and the Government would leave the question to be determined by the courts.

It is not surprising that the capitalists who have their money invested in street railways should desire to evade the payment of duty upon their rails: and in the instance here alluded to they have a seemingly fair argument to advance: the argument that if steel rails for steam roads are free, similar rails for electric street roads should also be free.

But to our mind two wrongs can never make a right. This journal has always contended that it was a mistaken policy to place steel rails on the free list. The aim of the National Policy party of Canada, or rather of the Government placed in power by that party, has been to build up the manufacturing industries of the country, and it has frequently been announced that it was specially desirable that a comprehensive iron industry should be established. In the formation of the present tariff Sir Charles Tupper, who was then Finance Minister, drew most vivid pictures of fiery furnaces scattered broadcast all over Canada, from which molten iron would flow in continuous streams, telling us that the industry, which was to be the largest and most important in the country, would, in its prosperity, make the country blossom, metaphorically, like the rose. As the bee upon the flower, so hung the advocates of the National Policy upon the honey of Sir Charles' eloquent tongue. Our iron and coal mines were to be developed; our forests were to be converted into charcoal; limestone quarries were to be opened; blast furnaces were to be erected, so that we would at least supply all our wants for pig iron; rolling mills, with puddling furnaces, were to make all the rolled iron we might require from home-made pig; and steel works, consuming only home products, were to give us all the steel rails and all the other forms of steel for which we could possibly have any use. And how did Sir Charles set about the development of the happy era? He said he would do it by a proper arrangement of the tariff; and how did he arrange it? He placed the duty upon pig iron so low that, considering the

then weak development of our blast furnace industry, the requirements of the country for pig iron had to be supplied from abroad; and now, after years of trial of a duty of only \$4 per ton on pig iron, there has been no great development of the industry, and the duty is for revenue only, for it is not protective. That is the way he set about developing the blast furnace industry of Canada. And then he aimed to develop our puddling and rolling mill industry by putting a duty of \$13 per ton upon rolled iron, which was well enough, and a duty of only \$2 per ton upon wrought scrap iron, by which blunder he made it possible for the rolling mills then in existence to reap rich harvests of profits by consuming vast quantities of scrap iron imported from abroad, but producing never a ton of home made puddled iron. Sir Charles' rosy optimistic views did not seem to penetrate the fact that even if we had a thousand blast furnaces they could not be made profitable unless a demand for all their products could be created, and that no possible demand for mill iron could be created when a half finished product—wrought scrap—could be imported for manufacture into bar iron almost duty free. That is the way he set about developing the rolling mill and puddled iron industry of Canada. And we were to have steel works also; and how did he proceed to develop them? Why, by placing steel rails, the product of steel works, on the free list. There are more than two million tons of steel rails now in use in Canada, not a pound of which was made in Canada, and upon which not a cent of duty was paid. This is the method adopted by Sir Charles to develop the steel rail industry.

It might be asked why no duty was laid upon steel rails for steam railways, and more or less heavy duties laid upon rail- for street railways and other forms of steel, all of great importance in the industrial development of Canada, but none of which were at that time, or since, made in Canada. A satisfactory answer to the question is not easily available. The argument in favor of free steel rails was that the construction of railways was absolutely essential to the development and prosperity of the country; and the argument in favor of duties upon other forms of steel was that revenues must be raised thereby.

If it is admitted that a comprehensive iron industry is essential to the prosperity of Canada: if it is desirable that we have blast furnaces enough to produce all the pig iron we can consume; puddling furnaces for the production of all the puddled iron we require, and steel plants which can give us not only rails for steam and street railways, but girders, beams, angles, plates and all the other forms of steel for which we have constant use, the present is a good time to remodel the tariff with that end in view. To thus remodel the tariff would be to place a practically prohibitory duty upon scrap iron, to place a duty of say \$6 per ton upon all rails weighing more than 25 pounds to the yard, and to give a bonus of so much per ton upon every ton of such steel rails made in Canada. No complexity would be necessary in thus arranging the tariff.

It might be imagined from what Sir John Thompson said to the delegation of electric street railway men that the Government are not inclined to enlarge the free list as far as steel rails are concerned; and it is sincerely to be hoped that they will not. On the contrary, it is to be hoped that the steam railways may be made to bear a share of the burdens of the people by the payment of duty upon rails. Whatever argu-