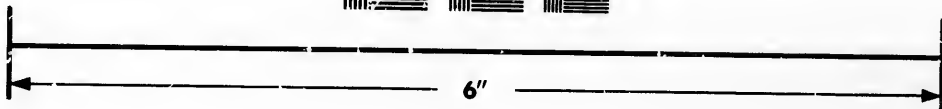
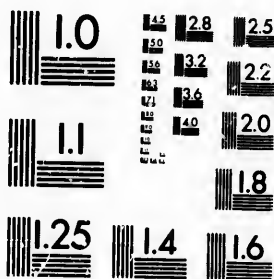


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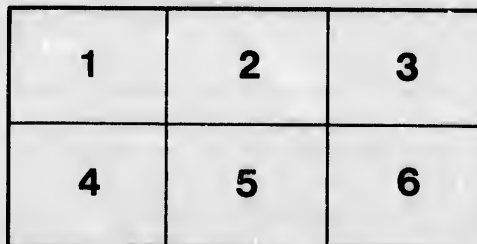
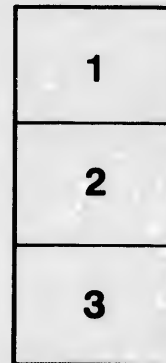
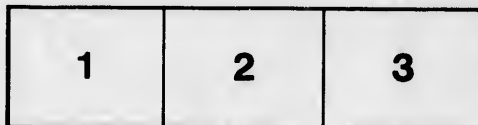
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MEMORIAL

— OF THE —

Londonderry Iron Company, Ltd.

When more particularly that whatever date you place on any article, it shall be a year.

Presented to the Tariff Commission at Halifax.

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HF1765
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To the Honorable Board of Tariff Commissioners of Canada :

The Londonderry Iron Co., Ltd., of Londonderry, N. S., does not appear before you with any idea of dictating any certain policy as to the tariff, but to ask you to consider its present vested interests, as well as the interests of those citizens of our section more or less dependent upon the operations of this company. Our interests are based on a protective tariff and we respectfully urge upon you :

First. That in our opinion a reduction of duty on iron at the present time would not be beneficial to the country at large, would seriously affect our interests, owing to the keen competition of foreign products, and be almost certain to close down a large part of our iron plant, thus causing great hardship to a very large number of employees, their families and the surrounding population, more or less dependent for their support upon the operations of this plant.

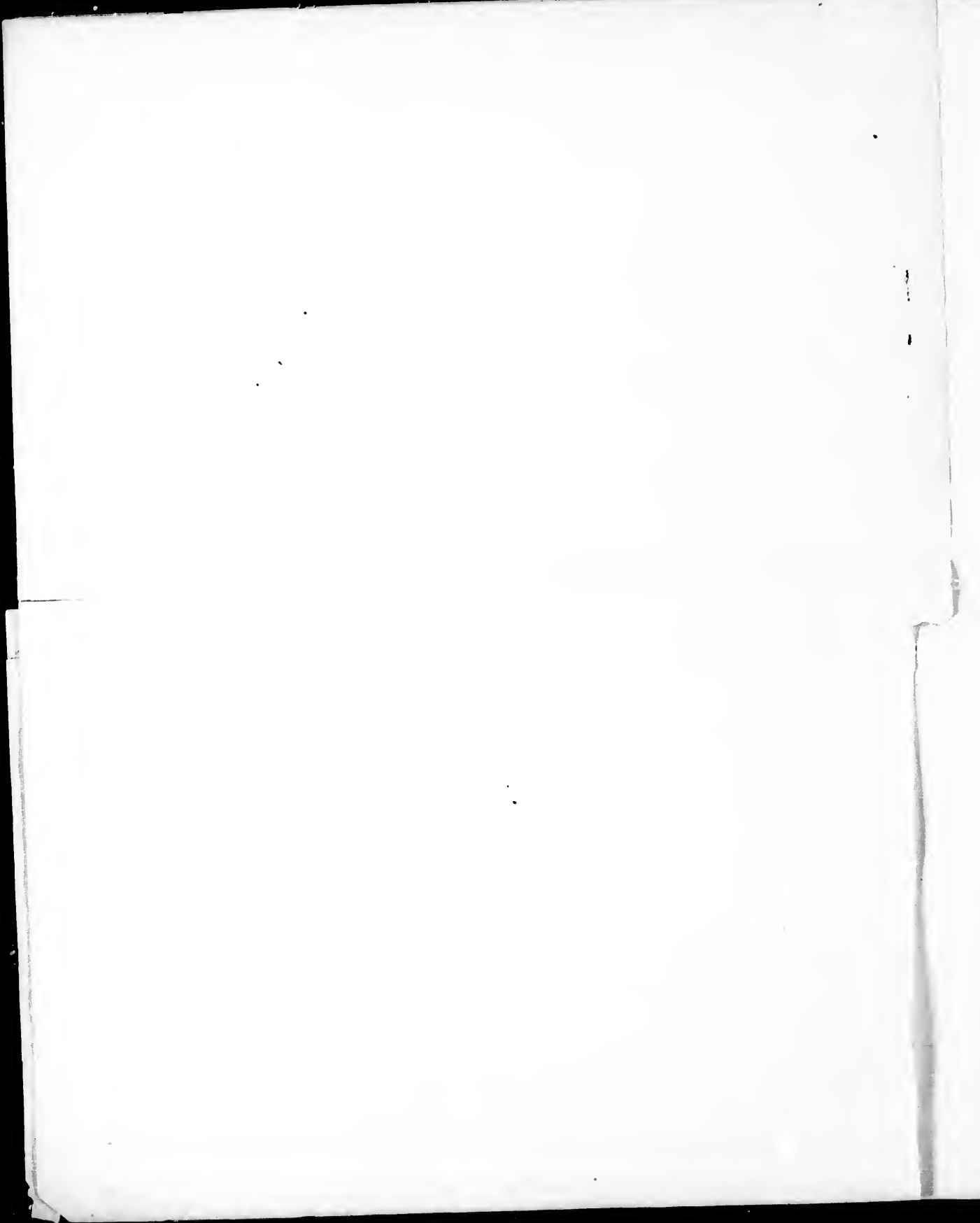
Second. Should, however, you deem it wise and necessary to make any changes in duty or bounty, that then you give us time or opportunity, to so adjust our affairs to such changes, as to enable us, if possible, to properly meet them when do they occur.

Third. To so arrange the tariff rates that they shall be of as uniform a character on every article as is possible to obtain with a specific duty.

Fourth. That in forming the tariff laws you do so in such a manner, as to keep in view more particularly, that whatever duty you place on any article, it shall be a *protection according to the labor which is put into that article from its raw material up*, so that your tariff system shall be a real protection to your laboring, commercial and citizen classes, as well as the manufacturing interests and their owners.

Fifth, that your Board constantly keep in view that the lower provinces are largely producers of raw material, and that the great distances from their markets is one of the prime causes why they cannot meet competition except through an adequate system of protection.

We feel that by carefully considering these petitions you will serve the interests of those citizens who form the bulk of the voting masses, and upon whom the system of free government by the people is really based; and, while it may not meet the views of all manufacturing interests, yet we will try to place the matter before you in such a way as to convince you that the position taken by us is the correct one, namely, that any system of tariff, whether high or low, is inadequate and unjust unless based upon the amount of labor expended in the country upon the articles so protected. The object of the tariff system, high or low, is, first: to raise the revenue; second: to procure employment and put money into circulation among the masses of the people that form or uphold a government, and naturally manufacturers receive their proportion of gain by such a system: this depending on the rate of the duty put on the various articles, and anything that gives more or less encouragement to the investment of capital in industrial enterprises increases the earning capacity of the majority of citizens, for



no labor can be employed without capital expenditure, and after all the bulk of money going into the manufacturing of any article is bound to go into the hands of the employees, and through them to the community at large, and hence any serious set-back will affect these people much more largely and disastrously as a rule, than those who have put their money into the establishments.

We now beg to be allowed to set before you some facts and figures connected with the Londonderry Iron Company's plant, at Londonderry, Nova Scotia.

Since its inception the company has expended in plant some \$3,000,000 to \$4,000,000; the greater part of this amount has been circulated through the Lower Provinces in payment for labor and material, for constructing the many and varied plants, of which some have proved unsuccessful and been dismantled, though the people of this section have received and distributed their proportion of such expenditures.

The company has further expended in its operation during the last twenty years \$9,237,799, the details of which are shown in Exhibit "A." This was almost entirely for labor in mining coal, ore, limestone, digging sand, clay, etc., cutting timber, paying freights, buying materials and stores, largely in the lower provinces, and indicating a distribution all over these provinces, though mainly in Colchester, Cumberland and Pictou counties.

When in full operation the Londonderry Iron Company employs directly some seven to eight hundred men in its ore and coal mines, railroads, coke ovens, blast furnaces, puddling furnaces, bar and sheet mills, pipe shops, foundry and machine shops, lumbering and many minor operations. This means a population of some 3,000 to 4,000 people, and the expenditure of about \$300,000 per annum for wages; this money contributes to the support of the commercial, professional and agricultural interests of Acadia Mines, Truro, Great Village, Folly Village and all the surrounding sections of country, even Halifax.

In addition, the Londonderry Company buys coal, ore and limestone outside of Londonderry to the amount of 96,000 tons per annum, involving about \$135,000, which means a distribution of this amount among about 350 miners, involving a further population of about 1800 persons, in Springhill, Stellarton, Westville, Brookfield, Annapolis Valley and other points.

In addition to this the Londonderry Iron Company's business means a revenue of \$100,000 per annum to the Intercolonial Railway and connecting lines, a very important factor to the government, as most of this freight is in the nature of carload lots, involving the least amount of labor and cost in handling, and thus contributing its proportion to the employment of labor on the railroad.

These few data will give your Honorable Board a fair idea of the extent of the operations of the Londonderry Iron Company, limited, and we therefore urge upon your Honorable Board not to make any changes in the tariff laws that would tend to seriously interfere with the continued operations of this plant. We might state that the



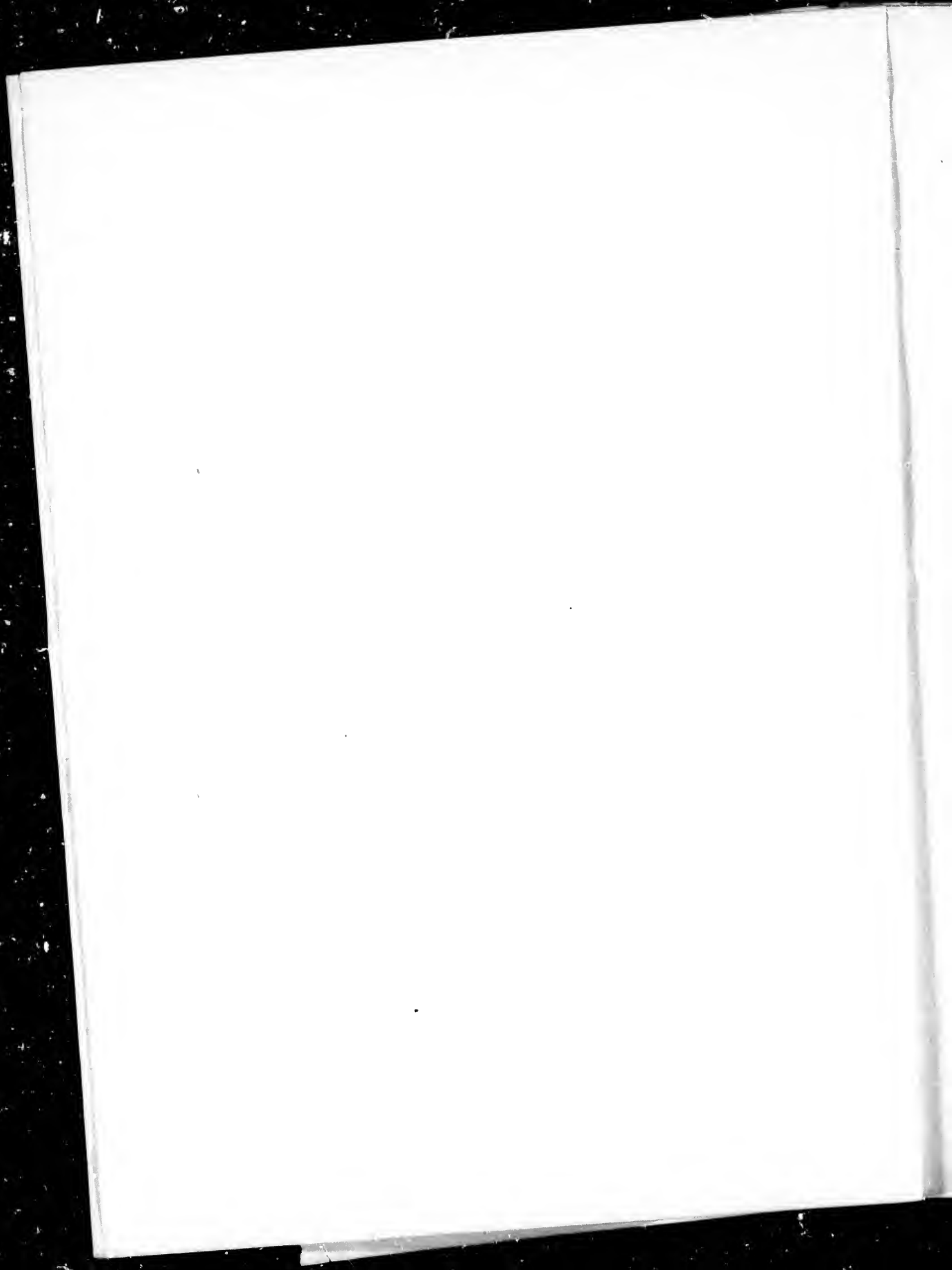
very uncertainty of the government's action in tariff matters has caused our company to delay the rebuilding and remodeling of its furnaces, the reopening of its mines, and preparing for its supplies of improved coke and other raw materials; all of which has been studied and plans and specification completed. These improvements would have brought into direct circulation some \$25,000 or \$35,000 and given employment to a large number of men, to whom the enforced idleness, through this uncertainty and the necessary inaction of the company, is far more serious than to the company itself. If the company could be assured that no changes would be made, or, that whatever changes it was deemed wise to make, would be made gradually and in such a manner as to give it time to prepare for them, if possible, by improved methods to help lower the costs, or that any reduction in tariff would be met by an increase in bounty, then there would be no difficulty in so arranging matters as to proceed with these contemplated repairs and improvements and restart the plant in all its branches.

This covers the first two pleas of our petition. The third is that the tariff shall be of as uniform a character as possible, and that the duty be specific and not advalorem. We make this suggestion because it is well known that advalorem duties are a constant temptation to undervaluations, and to all acquainted with customs affairs it is an unfortunate and undeniable fact, that such undervaluations constantly do occur and are hard to detect. Aside from this, advalorem duties bring in a much smaller revenue when prices are low, and protection is most needed, than when prices are high and protection is not necessary. In fact, advalorem duties at such times are likely to be prohibitory and the revenues of the country are likely to be at a very low ebb just when they are most needed in hard times; furthermore, it is very difficult to determine what is the value for an advalorem duty upon articles manufactured at such wide ranges of prices and distances as is the case, for instance, in iron and steel in the States, unless you take the value of the article delivered at the border. The southern iron can be laid down at furnace for \$5.00 to \$6.00 per ton; freight to Canada is about \$5.00, making a value of \$10.00 to \$11.00 per ton at the border, yet an invoice value of \$5.00 to \$6.00. On the other hand, iron at Buffalo can be laid down at furnace for \$9.00 to \$11.00 per ton (invoice value) with freight, say 50 cents to \$1.00 per ton, making total price \$10.00 per ton at border. Now if you charge, say 30 per cent. duty on invoice value, then the southern iron pays but \$1.50 to \$1.80 per ton duty, making its price, duty paid, not exceeding \$12.80 laid down at border; while the Buffalo iron pays \$3.00 to 3.60 per ton duty, making its price, duty paid, not exceeding \$16.50 per ton at border, which is a discrimination of \$2.80 per ton in favor of southern iron. Naturally Canadians would only buy southern iron, and pay the low rate of duty, and the government would find its revenues reduced just to that extent.

The fourth petition suggests that whatever duties may be imposed on the iron products, these be in direct proportion to the amount of labor which is employed on any article from its raw material up. This is the only way to get adequate protection for the labor of this country; and I can only refer you to the most excellent and clear statements made by Mr. A. T. Paterson, of Montreal, on this subject, which is marked exhibit "B." You will note it refers especially to duties on wrought scrap iron, from which bar



iron is made; and as we are large manufacturers of puddled bar, employing thereby a large amount of comparatively high-priced labor, and enabling us to work up those grades of pig iron which are not adapted to foundry purposes, but especially adapted for making puddled bar, the matter is one of essential importance to us. In explanation of this request for an increased duty on wrought scrap, I might say that in operating a blast furnace it is impossible to so control its operations that all iron made is fit for foundry purposes; hence a certain proportion of the make, depending largely upon the uniformity of the materials used, such as coke, ore, etc., as also on the working conditions of the furnace, is bound to be iron not suitable for foundry purposes, but will suit for mill or pipe shop purposes. This iron costs just as much as foundry iron, and must be used, or the furnace man cannot continue his operations. In every iron-making country this is the case, and due care is taken to find an outlet for it. Here we have only two outlets: a part is well adapted for use in puddling furnaces, another part for use in the manufacture of cast iron pipe. Cut off these two sources through any reductions in tariff, or through discrimination in duty on wrought scrap which replaces this puddled bar, and you simply force the furnace to either stock these grades or go out of blast. Of course the latter is the ultimate result, as no one can stock any large quantity of such material. This, then, means that all labor employed in mining or developing mines of ore, limestone, and a certain proportion of coal, must stop, as well as all coking operations and furnace labor. A large proportion of the revenue to the railroad is cut off, and all in all a large number of the citizens are forced to seek other outlets for their labor, in order to enable bar iron makers to get a cheap raw material upon which little or no Canadian labor has been expended; and yet after it is worked up into finished product, they will get just as much protection as they would for bar iron made out of Canadian puddled bar, made from Canadian pig, smelted from Canadian ores and coal,—all of which must therefore be cut off. There is not a particle of justice in this, and we most earnestly pray that this Government regulate and correct this blot on the iron tariff of Canada. In connection with this it becomes necessary to refute some of the wild statements made in Upper Canada by parties who should have known better, that no puddled bar could be obtained in Canada that was fit to use or would make a first-class bar iron. We deny these statements in toto, and are prepared to prove before your honorable board, or before Parliament if necessary, that the Londonderry Iron Company has made and does make a puddled bar as good and better than any that is imported for bar iron purposes, and that thousands of tons have been sold and used satisfactorily, making excellent bar iron, and that the Londonderry Iron Company is at present making bar iron out of its own puddled bar, and is prepared to have its quality tested and examined under Government supervision, if necessary, in order to demonstrate the unreliability of these statements. It is our contention, furthermore, that we do not pose as a monopoly in the matter of making puddled bar, but that any and all of the mills are welcome to put in puddling furnaces in connection with their plants, and make their own puddled bar; that we, as well as other pig iron manufacturers, are willing to furnish the special grades of pig iron at much lower rates than charged to the foundrymen, in order to work them up as fast as they are made. Any such move would greatly increase the employment giving resources of Canada. But as



long as the Londonderry Iron Company is the only one that has gone into the heavy expenditure of a complete puddling plant, so long should its own interests and those of its own employees in this department be guarded by the government against the cheap non-labor employing wrought scrap.

The very same remarks apply to claims as to the unfitness of Canadian pig iron, which are as absurd as they are incorrect, and made for the purpose of misleading your Honorable Board for the sake of selfish interest. The thousands of tons used annually by all the foundries in this country and our own experience in using nothing but our own pig iron in all classes of castings are ample refutation of these statements.

Another suggestion we have to make is that the tariff on cast iron pipes be retained at the present figure owing to the fact that a portion of those grades of pig iron which are neither suitable for foundry or mill purposes, are excellently adapted for this class of work, and a large industry has sprung up which consumes the greater portion of this special grade of pig unsuited for other work. Besides, our plants here have not the large output of the American and Scotch plants owing to the smaller proportion of population here, and hence these foreign plants are able to make pipe at figures that would render it impossible for us to compete with them without adequate protection; and as this industry is a growing one, paying a comparatively high rate of wages, it is one of considerable importance to the commercial and laboring classes.

We fear we have trespassed upon your very valuable time more than we should, and have but few more remarks to make.

In reference to our fifth petition we need not say much. You know we are all largely the raw material producers of Canada. Our friends in the West complain that our prices are too high—yet that is largely due to the heavy freight rates we have to pay, owing to the peculiar geographical situation of Canada.

We will say nothing here about prices of all products of iron before and since the introduction of protective tariff; statistics of all countries show a most wonderful reduction in prices in all lines within the last 20 or 25 years; steel rails from \$60.00 and higher to \$30.00 and less per ton; pig iron from \$25.00 and \$30.00 per ton to \$15.00 per ton; bar iron from \$50.00 to \$30.00 per ton. All these reductions can be verified by any statistical review accessible to your Honorable Board.

We desire to draw your attention also to the taxes paid by the Londonderry Iron Company, which annually amount to about \$2000 all in all, and any diminution of which, through our inability to continue operations owing to tariff changes, would be seriously felt in our surrounding counties and increase the taxation of the present population.

There is but one more statement we desire to meet, and that is the statement that the company has made no money, and hence should not be upheld or coddled, if unable to do so. This is only true in a sense. In the high priced years of 1887 to 1891 the company made considerable money, some \$123,000, though, during the depression since



1891, they lost money until the fall of 1895; yet they kept in partial operation, largely for the sake of their employees; not wishing to scatter their organization. The last half of 1895 began to show a profit, and the indications are that 1896 will also show a fair profit, indicating that they are able to hold their own even in times like these, with the proper encouragement from the Government; but also indicating that they would be unable to stand any material reduction which might not be offset by an increase in the bounty.

In view of all the above, therefore we pray that the Government may, first, leave the duties on iron products, with the exception of wrought scrap, as they are. Second, put a duty on wrought scrap that will be equivalent to that on puddled bar; or third, make whatever changes it deems wise to introduce slowly and gradually, and carefully consider the advisability in that case of adding to the bounty whatever reduction may be made in the duty.



EXHIBIT "A" I.

Statement of Raw Materials Consumed,

IRON produced and CASH expended for WAGES and FREIGHT at the Londonderry Iron Works, during the 7½ years, ending 1st January, 1887, but not including any Capital expenditure.

| FISCAL YEAR ENDING 30th June. | RAW MATERIALS CONSUMED. (Tons of 2,240 lbs.) | | | IRON PRODUCED. (Tons of 2,240 lbs.) | | | | CASH EXPENDITURE. | | | |
|----------------------------------|--|---------|------------|--|-----------------------------|----------------|----------------------------|-------------------|-----------------------|---|---------------------------|
| | Ore. | Coal. | Limestone. | Pig Iron. | Bar Iron and Forgings | Nail Plate. | Wheels and Castings. | For Wages. | Freights L. C. Ry. | Coal, Lime- stone and Genl. Stores. | Total Dis- bursements. |
| 1880 | 43,413 | 59,072 | 10,657 | 13,815 | 4,190 | 3,169 | 719 | \$ 229,290 | \$ 93,209 | \$ 254,834 | \$ 577,334 |
| 1881 | 54,976 | 63,111 | 14,266 | 15,757 | 3,910 | 2,910 | 1,628 | 261,518 | 79,229 | 277,935 | 618,683 |
| 1882 | 39,309 | 80,601 | 15,076 | 16,411 | 4,931 | 3,219 | 3,493 | 321,100 | 113,782 | 435,573 | 870,457 |
| 1883 | 59,750 | 92,619 | 18,614 | 19,915 | 6,293 | 1,676 | 2,090 | 253,585 | 109,513 | 385,267 | 839,366 |
| 1884 | 73,566 | 123,201 | 27,905 | 29,220 | 4,285 | 1,751 | 1,810 | 338,185 | 131,021 | 530,868 | 799,976 |
| 1885 | 51,506 | 81,124 | 13,867 | 18,355 | 3,302 | 837 | 498 | 222,051 | 88,013 | 194,576 | 504,641 |
| 1886 | 52,807 | 83,051 | 14,678 | 20,827 | 1,513 | 953 | 1,058 | 189,354 | 85,727 | 190,354 | 465,436 |
| 1887, 6 mos. end'g Jan. 1 | 20,568 | 37,873 | 6,566 | 9,831 | 434 | 328 | 170 | 74,287 | 53,753 | 69,212 | 197,263 |
| Total, 7½ years | 395,895 | 620,552 | 121,628 | 144,131 | 28,908 | 14,843 | 11,466 | 1,989,274 | 745,239 | 2,138,624 | 4,873,159 |
| Previous to 1879 | 130,000 | 100,000 | 40,000 | 56,000 | 13,000 | ..... | 8,600 | ..... | 300,000 | ..... | 1,452,320 |
| Total, to Jan. 1, 1887 | 525,895 | 720,552 | 161,628 | 200,131 | 41,908 | 14,843 | 20,066 | ..... | 1,045,239 | ..... | 6,325,479 |

NOTE.—In addition to these outlays for working expenses, there has been over \$2,000,000 sunk in Property, Plant and Development.

ACADIA IRON WORKS,
LONDONDERRY, N. S., March 30th, 1887.

THE STEEL COMPANY OF CANADA, LIMITED,
JOHN SUTCLIFFE,
GENERAL MANAGER.



EXHIBIT "A" 2.

Summary of Operations of the Londonderry Iron Company, Ltd., 1887-96.

| CALANDAR YEAR ENDED 31st December. | CONSUMPTION OF MATERIALS. (In tons of 2,240 lbs.) | | | | | PRODUCTION. (In tons of 2,240 lbs.) | | | | | | | Total Cash expended by Co. in Lower Province, in- cluding railway freights. |
|---------------------------------------|--|-----------|---------|------------------------|-----------|--|-----------|--------------------|-----------|---------------|----------------|--------------|--|
| | Ore. | Coal. | Lime. | Coke. (Hot L'erry.) | Fig Iron. | Publised Bar. | Bar Iron. | Cast Iron Pipe. | Castings. | Scrap Bar. | Nail Plate. | | |
| | 1887 | 40,774 | 50,600 | 13,807 | 8,327 | 17,412 | 1,902 | 751 | | 119 | 397 | 311 |  | $373,905 |
| 1888 | 38,993 | 51,134 | 13,863 | 12,738 | 15,674 | 5,308 | 3,119 | 2,063 | 715 | 760 | 1,032 | 562,583 | |
| 1889 | 48,307 | 49,068 | 17,889 | 14,339 | 18,900 | 5,292 | 5,483 | 2,698 | 359 | 1,387 | 1,019 | 553,017 | |
| 1890 | 46,680 | 52,028 | 16,075 | 16,495 | 16,413 | 6,412 | 5,959 | 2,698 | 533 | 413 | 540 | 580,549 | |
| 1891 | 51,765 | 33,877 | 10,245 | 19,244 | 18,117 | 2,675 | 2,125 | 2,607 | 391 | 63 | 174 | 553,715 | |
| 1892 | 64,691 | 35,898 | 13,163 | 21,490 | 24,580 | 1,376 | ..... | 1,867 | 92 | ..... | ..... | 570,410 | |
| 1893 | 50,084 | 13,132 | 12,251 | 23,574 | 21,208 | ..... | ..... | 1,002 | 62 | ..... | ..... | 412,176 | |
| 1894 | 23,118 | 5,855 | 7,701 | 11,686 | 10,253 | ..... | ..... | 1,046 | 29 | ..... | ..... | 234,410 | |
| 1895 | 38,517 | 23,232 | 12,902 | 17,063 | 15,844 | ..... | ..... | 2,443 | 112 | ..... | ..... | 304,732 | |
| 1896 | 29,327 | 34,227 | 8,016 | 3,817 | 15,758 | 3,799 | 362 | 2,770 | 330 | ..... | ..... | 249,143 | |
| Total, 10 years | 432,256 | 349,071 | 125,912 | 148,773 | 169,154 | 26,942 | 17,799 | 19,189 | 2,742 | 3,020 | 3,066 | \$4,364,640 | |
| Previous to 1887 | 525,895 | 720,652 | 61,628 | ..... | 200,131 | 41,908 | ..... | ..... | 20,066 | ..... | ..... | 6,325,479 | |
| Grand total | 958,151 | 1,069,723 | 187,540 | 148,773 | 369,285 | 86,709 | 19,189 | 22,808 | 3,020 | 3,066 | 3,066 | \$10,690,119 | |

* Of the \$4,364,640 disbursed in 1887-96, \$942,833 was paid to the Intercolonial Railway for freight.



EXHIBIT B.

MEMORANDUM RE DUTY ON WROUGHT SCRAP IRON.

READ AT OTTAWA, FEBRUARY, 1889.

MONTREAL, 21st February, 1889.

I ask that the duty of \$2 per ton now levied on wrought scrap iron be increased, for the following reasons, viz. :—

1st. Because it is too low, relatively, to the duties on other articles; that it is thus inconsistent with the principle of uniform protection to labor, on which our National Policy Tariff is and should be based, and that this unfair duty has the effect of throwing an undue profit into the pockets of a few individuals, at the expense of the consumer and the general public, and seriously endangers the whole system of protection, by enabling its opponents to prove their oft repeated assertion, that the National Policy is not intended to protect labor, but is merely a scheme to put money into the pockets of a few employers of labor.

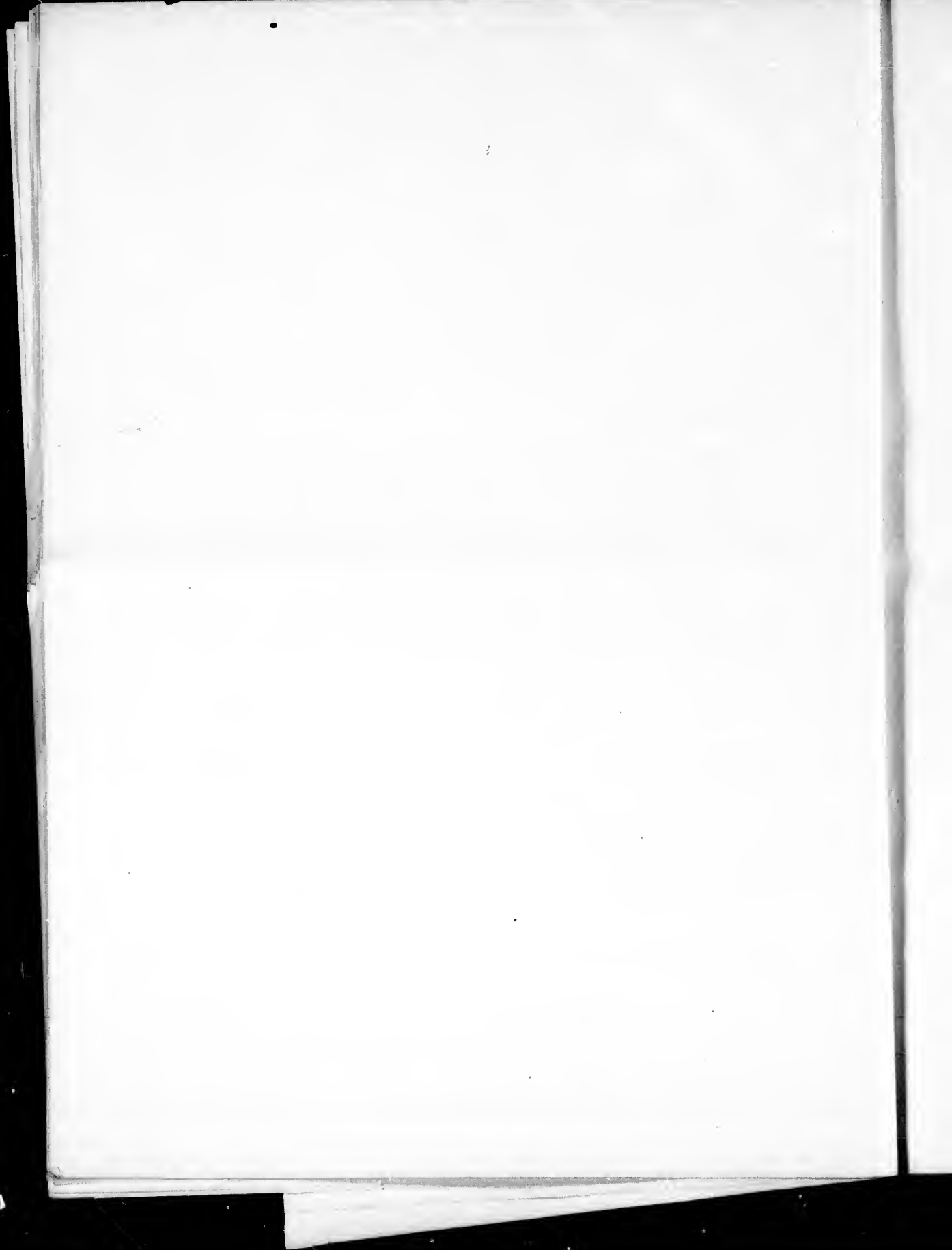
2nd. Because this unfair duty entirely frustrates the object the Government announced they had in view in re-adjusting the iron duties two years ago, which was to develop the manufacture of iron in Canada, from Canadian ore, fuel, &c., by affording an uniform protection to the labor employed in each branch or stage of the industry, equivalent to the difference in cost between European and Canadian wages

In proof of these statements I submit the following facts and arguments :—

The first and most crude form in which iron exists as a merchantable commodity is that of pig iron, on which our duty is \$4 per ton, and I submit that it is entirely inconsistent with protectionist principles to admit a more finished grade of iron, upon which a great deal more labor has been expended at one-half the duty imposed on pig iron, and as it costs about \$12.75 to produce pig iron in Canada, the protection given to the Canadian labor employed is about 31½ p. c.

Setting aside castings, which is a distinct branch of iron manufacture not involved in this discussion, the next stage of manufacture in its progress towards finished iron is that of puddled bars. To convert a ton of pig iron into a ton of puddled bar in Canada, costs \$13.00, and our duty on puddled bar being \$9.00, as against \$4.00 on pig, the difference of \$5.00 gives to the labor employed in making puddled bar a protection of 38½ p. c.

The third and final stage is the conversion of puddled bar into bar iron, sheets, hoops, or nail plate, which costs in Canada \$10.00 per ton, and our duty on these being \$13.00, as against on puddled bar \$9.00, the difference of \$4.00 gives 40 p. c. protection to the labor employed in this process.



It will be observed that these duties are not mathematically correct, and that the percentage of protection to labor is higher in the more advanced than in the earlier stages of the manufacture, but specific duties are fixed while the cost of labor fluctuates, and they cannot therefore be expected to be always uniform to the cost of labor.

Upon the whole, our duties on pig iron, puddled bar, and bar iron, plate and sheets are fairly accurate. Free traders think them high, but admit that they are not unequal, and that from a protectionist point of view the rates imposed on these articles are fairly proportioned.

I have shewn that the difference in duty between Puddled Bar and Bars; Hoop, Sheet or Plate Iron made from it is \$4.00 per ton, and that it affords a protection to the labor employed in the process of... 40 p. c., which is relatively high to the protection on labor employed in the earlier stages of manufacture, or indeed to the ideal rate necessary to equalize European and Canadian labor, which was 50 p. c. on the former, or 33½ p. c. on the latter, but it so happens that Bar, Hoop, Plate or Sheet Iron can be made out of what is called Wrought Scrap as well as out of Puddled Bar, and the question arises what should the duty on this substitute be?

My answer is, it should be such as to afford just the same degree of protection to the labor necessary to convert it into Bar, Plate, Hoop or Sheet Iron, as is given to the labor necessary to produce the same articles from Puddled Bars, viz., 40 p. c. Now let us see what Wrought Scrap Iron is; what it costs to convert it into Bars, Hoops, etc., and what percentage of protection our present scale of duties affords to the labor employed in that process.

Wrought Scrap is Iron which has already arrived at the third stage of manufacture, (having been made out of Pig Iron and Puddled Bar), but it either has been in use or has been cut off from bars or sheets made too large for the purpose to which they were to be applied. It is therefore already finished Iron, but requires to be reshaped to adapt it for use.

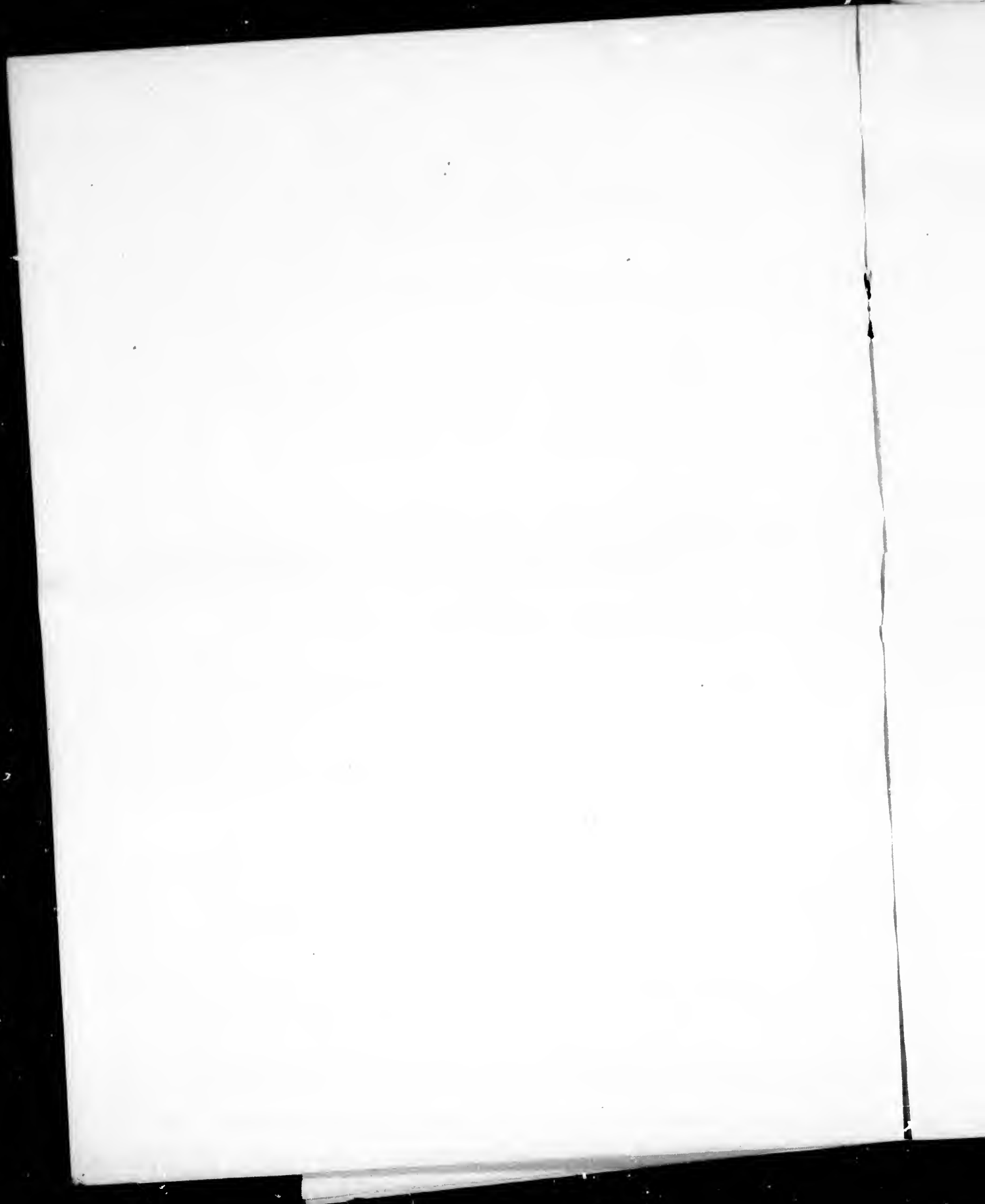
If a piece of Scrap Iron is large enough, it only requires to be heated once and rolled into the desired form to convert it into a Bar, Hoop, or sheet, and being already more finished and less impure than Puddled Bar, it requires less work to effect the change, which is in fact merely an alteration of shape, and not as in the case of Puddled Bar, an improvement of quality also.

If Scrap Iron is not large enough to be made directly into the desired form of Bar, Hoop or Sheet, it may be used in two ways:

1st. In conjunction with two or more larger pieces, filling up vacancies between them, in which case it is identical with the larger pieces, requiring only one heat, or

2nd. It is made into a Scrap Bar or Billet, which is then again made into the Bar, Hoop, or Sheet required,—this process requires two heats.

The cost in Canada of the first of these processes, viz: the direct conversion of scrap by one heat into bar, hoop or sheet iron, I believe does not exceed \$8 per ton, and I have heard it claimed that it can done for \$6 per ton, but for the sake of this argument I am willing to assume that it costs as much as to make the same article from



puddled bar, say.....\$10 per ton,
 and as the duty on this scrap is only..... \$ 2
 while the duty on the product of it is..... 13

the protection is..... \$11 equivalent to 110 per cent. upon the
 labor employed.

If the cost is \$8, the protection is still \$11=140 per cent., and if the cost is \$6, the
 protection is still \$11=183 per cent.

Again, the cost in Canada of the second mode of dealing with scrap iron is about
 \$14 per ton, and as the difference in duty is \$11 as above, the protection to the labor
 employed is equivalent to about 79 per cent. The fact that labor in Canada costs so
 much more than in Europe, naturally causes our people to buy the first class of scrap in
 preference to the second, even if they pay rather more for it than a European manu-
 facturer would, and I believe I am well within the mark when I say that two-thirds of
 the scrap imported into Canada is of the first class.

Taking it at that ratio (two-thirds and one-third) the average labor cost of
 converting scrap into bars, plates, &c., will be \$11 $\frac{1}{3}$ per ton and that the protection on
 it \$11.....99 $\frac{2}{3}$ per cent. a rate entirely out of unison
 with the protection given to labor employed in any other branch of the industry, and
 undue excess of protection does not affect wages, for if they were raised in proportion we
 should at once be flooded with operatives from the United States.

This unfair duty merely affords an extra profit to the manufacturer who works
 scrap, at the expense of the revenue or consumer, and crushes out the manufacture of
 iron from puddled bar, thus defeating the object the Government had in view in read-
 justing the tariff two years ago.

I think that unless my facts and figures can be disproved, and I am certain that is
 impossible, they prove the justice of the request I have made, and I anticipate that the
 opposition to it will take the form of an argument rather against the *policy* of making
any change in the duties, than to attempt to show that the scrap duty is equitable. I
 expect to hear it said, that to make the change would upset everything connected with
 the iron trade, and that it would be unfair to capital which has been invested in the faith
 of the present scale of duties, and so on.

Now my answer to that is, it was distinctly declared by the Finance Minister two
 years ago, that this scrap duty was unfair, and that it was merely a temporary measure.

Everyone therefore has had ample notice that the change was impending, and no
 one can complain if it is made. Besides this, I would say that every year an abuse is
 permitted to exist increases the difficulty of rectifying it.

Then I expect to hear of the vast interests which will be imperilled by any change.
 I have, in fact, already seen a statement in a newspaper to the effect that my request was
 opposed by a representation of \$2,900,000 capital and 2,500 men.

Now such statements are misleading. Very probably the concerns which oppose me
 represent these figures, but their capital and their employees are engaged in many other
 industries, each of which has its own separate protection, and I doubt if there are 500
 men employed by the whole of them in rolling iron. If, however, they had 5000 men
 employed in rolling iron, I deny that the increase in the scrap duty asked for should



necessitate the discharge of one of them. Why should it, when the full measure of protection to which that labor is entitled, say 40 per cent. would still remain? Another objection will no doubt be, that there is not enough puddled bar made in the country to supply the demand—quite true, and what is more there will be less and less puddled bar made every month that there is unfairly low duty on a substitute for it, is permitted to exist. As a matter of fact, only half the quantity of iron is being puddled now that there was six months ago.

But what right has a rolling mill, which enjoys \$13 duty on its product, to object to pay \$9 duty on its raw material: clearly none. If it asks to get in its raw material free, or at a low duty, it should be prepared to see the duty on its products reduced in the same proportion, so that its protection may remain \$4. If this is not done, — if the full duty on the product is maintained, and the duty on the material used is removed or reduced, it is clear that the consumer remains burdened with the whole duty proper to protect and develop both stages of manufacture, while the country only benefits by the establishment of one, the protection of which is doubled, and all chance of establishing the other is lost. Whereas, if the duties are preserved both on the raw material and on its product, the revenue gets the benefit of the duty on the former so long as it is not made in the country, and the consumer is therefore relieved from paying taxes on some other article. The fact that the duty exists tends to establish the production of the material, and the manufacturer who uses it, having the protection to which he is entitled through the difference in duty between the raw material and its finished product, has nothing to complain of; indeed I believe the change would increase the number of hands they employ, by causing them to add puddling to their other departments.

It may seem an exaggeration to those who have not thoroughly studied the question, yet it is true, that this one flaw in the tariff, or as Sir Charles Tupper himself expressed it, "this blot" effectually destroys the harmony and defeats the intention of the other duties, and until it is rectified, the object the Government had in view in imposing them cannot be realized. I hope I have made myself intelligible, but if there is any point on which I have failed to do so, I shall be happy to endeavor to explain it.

Thanking you for your patient hearing,

(Sgd.) A. T. PATERSON.

