

16. *Hon. Mr. McKenzie.*] You mean, compete in outside markets?—Yes. So that, look how one will—and one must look at it from the commercial point of view and take the reasonable probabilities into consideration—the Government would be purchasing its iron and steel presumably at a cost not exceeding the price in London, plus 5 per cent. On that basis the Government would be saving at least £1 1s. 3d., and possibly up to £1 5s. or £1 6s., on every one of the 20,000 or 30,000 or 40,000 tons of iron and steel which it uses in this country every year.

17. *Mr. Blow.*] You are referring to the cost of the iron produced at Parapara: what about the cost of freighting that iron to the different parts of New Zealand where it would be required—would that not be as much as the freight from London?—Certainly not. If this undertaking is going to be of any use at all, I should think that at the outside it would not cost more than 10s. a ton to convey the iron from Parapara to any port in the Dominion.

18. *Mr. Sidey.*] I think some one put it down at 12s. 6d. yesterday?—I think you are dealing with coal. Mr. Dunbar says he put it down yesterday at 12s. 6d.

19. *Hon. Mr. McKenzie.*] Reckon the same freight as coal—6s. 6d. from Greymouth to Wellington, and 7s. 6d. to Lyttelton. Iron ought to be freighted at about the same rate?—Yes, but the probability is that it would be carried for less, because it would be establishing a permanent business. Then there is this point: even if the Government were saving only 7s. 6d. or 10s. per ton, the saving would be a very big one in itself; but, quite apart from that, look at the impetus that the establishment of works in this country would give to the Dominion. If the works are successful, it means the employment of a very great deal of labour, and it means giving a fillip to every other industry that we are carrying on or are capable of carrying on. Then, the income-tax upon the profits of such a company as this would be a matter of no little importance. Nationalization of the iron industry at the present time, sir, I have already submitted, is an impossible proposition. It is impossible for many reasons. In the first place, probably the Government of this country is not in a position at the moment, and is not likely to be for a good many years, to find such a sum as would be required—£650,000 or thereabouts—for the purpose of establishing the iron industry in this country. Then, if the Ethelburga Syndicate is right in its belief that the New Zealand market alone would be quite an unpayable proposition, it would be necessary for the Government, if this industry were nationalized, to look around for foreign markets; and we know—our everyday experience teaches us—that it is a very much more difficult matter for a Government to find markets than it is for a company or for an individual that is engaged in trade. In a memorandum which I have received from the Ethelburga Company, or its representatives in England, it would appear that in Canada the iron industry has received special consideration. The memorandum says,—

“In the Dominion of Canada the steel and iron industry was started between 1880 and 1890 on a very small scale, and the output did not reach any importance until the year 1896, when the system of bounties was introduced. Up to the year 1908 the bounties which were paid by the Canadian Government were as follows: On pig iron, 2 dollars 10 cents per ton; on puddled iron bars manufactured from pig iron made in Canada, 1 dollar 65 cents per ton; in respect of rolled round wire rods not over $\frac{3}{4}$ in. in diameter, manufactured in Canada from steel produced in Canada from ingredients of which not less than the weight of 50 per cent. thereof consists of pig iron made in Canada when sold to wire-manufacturers for use, or when used for making wire in their own factories in Canada, 6 dollars per ton; on steel manufactured from ingredients of which not less than 50 per cent. of the weight thereof consists of pig iron made in Canada, 1 dollar 65 cents per ton. Between the years 1896 and 1910 over 4,800,000 tons of pig iron, over 3,800,000 tons of steel, and 383,000 tons of manufactures of steel were produced in Canada from local iron-ores, and the total bounties paid in respect of these products amounted to over £3,000,000 sterling. Although from the year 1910 the amount of the bounties mentioned above has been considerably reduced, the Legislature are being requested to renew the bounties for a further period of years, and there is hardly any doubt that the Canadian Government will recommend such a renewal in order to favour the industry. But, in addition to the above bounties, there is an import duty into the Dominion of Canada of 7 dollars per ton on all steel rails, and in proportion for other products; and, further, an anti-dumping clause whereby, should steel products be sold to the Canadian markets at prices which are lower than those actually ruling in the markets of the world for similar products, the import duty into the Dominion of Canada is *ipso facto* to be increased by the amount of the reduction in price at which the products are offered in Canada. It is therefore clear that the Canadian producers are well protected in every way, and that their manufacturers have a fair chance of competing against other manufacturers in other countries. It is evident that owing to the enormous consumption of iron and steel products in Canada, due to the extensive railroad system and the general development of the country, such as the erection of factories, large buildings, and public works, the iron and steel trade in Canada would have had a better chance of succeeding even without bounties and protection than would be the case in New Zealand, where the present consumption of steel and iron is so small, amounting as it does to barely 125,000 tons of steel and iron products altogether per annum.”

Then there is the further point which has already been mentioned from time to time, and that is that, as far as we know, there is no provision in Canada—nor is there any provision in connection with the proposed establishment of the industry in Australia—whereby the Government can take over at the expiration of a not-unreasonable term of years the whole undertaking of the company without paying anything whatsoever. With regard to the question of nationalization, the only additional observation I desire to make is this: we submit that nationalization of the iron industry at the present time is not feasible, but we also say that under the proposals made in this Bill we have the very next best thing to nationalization—assuming nationalization to be the ideal—and that is that at the end of forty years you will have something like nationaliza-