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## Industrial World

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### THE IRON QUESTION.

The battle for protection to Canadian industry is, ever yet, by any means. As we have repeatedly said in these columns, the National Policy is still incomplete, and requires to be carried a step or two further. In iron manufactures we have made a good start, but we need not boast too loudly of our situation and progress as long as we are unable to secure the metal itself, and have to depend upon the supply of it from abroad. Within the limits of what may now be called Eastern Canada, say in the latitude of Toronto to that of Sydney, in the Breton, there are many and large deposits of the iron ore, also of coal and of material for making charcoal, all in quantity practically inexhaustible. Nevertheless we make no iron to speak of, and we still stick to the old, foolish plan of sending millions of money out of the country every year to buy for what we should make and easily could make at home. No gift of nature forbids our doing so. Providence has been bountiful in endowing this country with wealth of material; we lack only the will to use it. It is much to be regretted that two years ago, when nearly all other producing interests were considered in the scheme of the new tariff, being effectual was done for the business of iron production. The duty of two dollars per ton on pig iron has not sufficed to start smelting furnaces; nor the 12 1/2 per cent. advance in the duty on bar iron (to 1 1/2) sufficed to start rolling mills. We have caused the consumer to pay a little more for his supply of imported iron, but we have not gone far enough to secure to him the benefit of a new and national supply made at home. It would not be, however, to put all the blame for this upon the Government. The truth is that the Government in carrying the new tariff actually went a good deal further than people generally expected. Up to the very time that the details of the N.P. were announced in the House, not one man in ten the whole country over imagined that the measure would be as large and as complete as it actually proved. Ministers, we doubt not, were even then willing to have gone farther than they did. But public opinion was too backward to sustain them in taking the other step forward; the people were not yet educated up to the point of seeing any Canadian National Policy is still incomplete which does not provide for the production as well as the manufacture of iron. It was really a great step forward that was taken two years ago, and the Government did a bold thing in taking it. That Canadian businessmen were found with courage enough to take such a step was a surprise to people generally, both at home and abroad. It was a surprise to the Canadian public that they had really got the length in 1878 of demanding a National Policy for the country. The chains of a false political economy, forged across the sea, lay heavily upon us; we were bound with invisible fetters, strong to hold down this young country, and to prevent its advance. Under the circumstances it is not wonderful that we should have been unable to start with a complete National Policy all at once.

All this may fairly be considered, in mitigation of blame upon the men who, as we have said, really surprised ourselves, as well as people outside, by being so bold as they were and doing as far as they actually did. But may we not consider, as well, whether the time has not come for taking up what we yet lack, and for taking that other important step forward, which is necessary to complete the National Policy of Canada. Supposing that we are excused for not completing the new system the first time of trying, for the Dominion, the excuse may not suffice for neglecting the duty now. Two years' trial has well vindicated the success of Protection, in the case of all those industries that are really protected. But some important industries have not been protected at all, to speak of, and now the question comes up why these, too, should not obtain the same measure of fair play as the rest. The feeling that the time has come for something more to be done, has been gaining force of late, both in and out of Parliament, and members of the House, to the number of forty or more, have joined in a memorial to the Government on the subject of iron production. Precisely what is suggested as the best thing to be done we are unable to say, but we do know that, among those who have given much attention to the situation and prospects of the iron-making business, there has been a prevailing impression in favor of duties on iron—just half the American duties. These are—on pig iron, seven dollars, and on bar iron, twenty dollars per ton, which at present prices make from 50 to 75 per cent on the value. The Canadian duty on pig iron is \$2 per ton, which is 15 per cent. on British pig metal, and 6 per cent. on American, at present prices; our imports from the States being mostly of the high priced charcoal iron. Our duty of 17 1/2 per cent. on bar iron is only from one-fourth to one-third of the American duty, reckoning the latter *ad valorem*. On iron bars there are different rates as specified in the American tariff—1 cent, 1 1/2 cents, and 1 1/2 cents per pound; the bulk of what is actually imported coming under the description to which the duty of one cent is attached. It will be seen, therefore, that between the Canadian and the American duties a wide margin of difference still lies, and that we may on our side make a considerable increase while still keeping far below what our neighbors consider the right thing for their circumstances. In the fiscal year 1879-80 there were imported into Canada, of steel and steel rails, iron rails, and of bar and other heavy wrought iron direct from the rolling mill or the forge, about 140,000 tons, valued at about \$2,000,000. Of pig iron the imports were nearly 60,000 tons, valued at about \$920,000 in round figures. Of these direct products of the blast furnace and the rolling mill we may call the whole import 200,000 tons, and the aggregate value \$3,000,000. Supposing all this to have been produced at home, it would have caused the payment of five million dollars, at least, for labour. For if we start with the coal and the iron ore, both in the mine and untouched, the value of these materials there is nil, and all the value given to them comes from labor, something, of course, being allowed for interest on capital, and for profits. We may very fairly say five million dollars at least, which would be paid out in a year for labor did we make all our consumption of iron at home; for, if we were to take a series of years together, including the time before the depression came on, the average annual value imported would be found much higher than for last year. But even if we did not do quite so well as to add five million dollars annually to wages paid within the Dominion for labor, what a benefit only three millions or two millions thus expended, more than at present, would be to the country. A million dollars in wages means a living for 2,500 families, or 10,000 people, young and old, at least; and five million dollars means the same for 12,500 families, or a population of 50,000. But then there should be added to this many thousands more, for those not belonging to the workmen's families, whose living would come from supplying the latter with the necessities of life. Perhaps these considerations are worthy the attention of statesmen and legislators. Already, from those who can see no better destiny for Canada than that of being for all time dependant upon England and the States for her supply of iron, comes a repetition of the old objections against a patriotic National Policy in this matter. If we put 25 per cent. on pig iron, and 30 per cent. on bars and other wrought iron and steel, that will be taxing the raw material of many iron manufacturing industries, which will thereby be crippled and unable to compete. Unable to compete with whom, we ask? With the Americans chiefly, of course, inasmuch as nearly all manufactures of iron (outside of those

heavy iron productions which go to make up the millions worth of imports above mentioned), now presented on anything like a large scale in Canada, are precisely such as Britain is in competition with our neighbors. Instance railway cars and locomotives, agricultural and other machinery, carriages, stoves, etc., in which our competition is almost wholly with the States, and very little with England. If we protect iron-making by additional duties, then the Americans will be able greatly to undersell us in manufactures of iron, so it is said. But how can they do this, when their duties on imported iron are more than double what anybody proposes for Canada? Oh! but they have cheap iron to work with. It will be replied, and there is where they would have the advantage of us. And pray could not we have cheap iron, too, if we were to do as they have done, that is—add a new home production to the old foreign production, thereby increasing the supply and reducing the price? Since the new Canadian tariff came into operation the complaint has been a thousand times repeated that it puts a burden on our consumers, by preventing them from buying many commodities, iron manufactures included, in the cheap markets of the neighboring States. But if commodities be cheap there, then we have the confession that cheapness and a very high tariff are actually found together. It might look plausible to say that, with increased duties on pig iron and wrought bars, we would be unable to compete with England in manufactures of iron. But the fact being that as above stated, our competition in manufactures of iron—that is, in those specialties upon which we have to any extent entered—is far more with the States than with England, the objectors commit themselves to the position that the States is "a cheap country to live in," as far as the supply of iron goods is concerned. If they like the position, let them take it and we shall be glad to see them stick to it, too.

### A REMINDER OF 1877.

The budget debate of this session may be counted as an important victory for the National Policy. Last session the opponents of that policy stoutly maintained that the state of the country had not improved a cent's worth in twelve months, now, the fact of a great improvement is admitted on all hands. It is something to have even this much admitted, if no more, though the question as to what mainly caused the improvement is still hotly debated. According to the speakers on the free trade side of the House, two good harvests and the better American demand for lumber did it all; while on the N.P. side the new tariff is credited with having been the principal cause. The benefit arising from an improved market for lumber is no doubt considerable, and nobody questions the fact. But the important fact should not be lost sight of, that the revival of business has been great in some sections of the country which have but small interest in the lumber trade, and that there has been a great improvement in many lines of business which are but slightly affected by the ups and downs of lumber. As for the two good harvests 1879, 1880, the fact that the crops of these years were good, and that the surplus brought at least fair prices is not questioned. But, as has been pointed out, it is pertinent to remind the public of another fact, which some people appear to be in a great hurry to forget—that of the extraordinary good crop and good prices of 1877. As to the abundance of that year's harvest, let us quote from the *Globe* of July 26th, 1877:—

"From all sides the news reaches us every day that the fall wheat, of which a much greater breadth than usual was sown this season, is not only far above the average in the amount of the yield, but is the finest sample of grain we have seen favored with for a long time. . . . In many places there will be twice the average yield, and from fifty to sixty bushels to the acre will be no uncommon return in many parts of Western Ontario. . . . There is reason to believe that spring wheat will not be much more than an average crop, if it reaches that point, though at its present rate of progress it is possible that it may turn out much better than is now expected. The other spring grains are, however, excellent crops. Oats are in many places better than they have been for years, and so are peas and barley, though neither of these are of so much importance as wheat. Root crops promise well, and there is every likelihood of an excellent yield of fine potatoes in spite of the ravages of the Colorado beetle. On the whole, the prospect is a very cheering one for the farmer, and as all classes depend upon him, all will share in the pleasant anticipations he is now fairly entitled to indulge in."

After summarizing what the *London Free Press* had said as to the then certain fact of a bountiful harvest, and the prospect of better times in consequence, the *Globe* thus continued (Aug. 6th, 1877):—

"So we are really to have good times, notwithstanding all the organs have declared that the country was going to the

fall wheat, and that only 'Sir John' could be it to its former degree of prosperity. But this prospect is not with a true sense of sadness to the *Mail*. It cannot deny that the harvest is good, in spite of the drought. 'It is some satisfaction to know,' it says, 'that they [the Ontarians] cannot prevent us from enjoying the benefits of a bountiful harvest. It would take several million dollars to represent the difference between a poor crop and a good one.' Still, considering whence it comes, this is a very large admission."

On September 21th, 1877, in the course of an article on the appointment of the 22nd November following as 'Thanksgiving Day,' the *Globe* said:—

"Nor is the bountiful field of the harvest field the only cause for thankfulness at the present time. There are signs on every hand that the clouds are breaking, and that before long the depression shall have become a thing of the past, like an unpleasant dream."

These descriptions of the abundant harvest of 1877 do not go beyond the truth, but are well within it. In fact, they do not exaggerate the reality, but rather fall short of it. Other crops were on the whole good, but the fall wheat crop of 1877 was positively the best seen in Canada since that of 1855—twenty-two years before. We make this statement advisedly, and with perfect confidence that it will not be contradicted. That year will be remembered by many people as the year of the fall of Sebastopol (on some date in September), and the close of the Crimean war. Many farmers will remember the extraordinary fall wheat crop of that year, the two dollars or more per bushel which was being paid for it in the early part of the shipping season, and the tumble to about \$1 25 which came when the war was over. There were more than a few Ontario farmers who held their wheat when they might have got over two dollars for it, and who sold it a year or two afterwards at from \$1 to \$1 25. Twenty-two years had to pass, and 1877 had to come, ere there was another such crop of fall wheat in Canada. And in 1877 other crops were good, while fall wheat was extra good. But what about prices—what did that year's grain crop sell for in the market? To answer this we quote the following averages of the Toronto market, for the shipping season in three years respectively, say for the three months next preceding the close of navigation:—

	1877.	1879.	1880.
Fall wheat	\$1 25	\$1 20	\$1 07
Spring wheat	1 15	1 17	1 14
Barley, No. 1	65	70	74
Oats	53	54	54
Peas	66	64	64

The big fall wheat crop of 1877 was mostly marketed at high prices—higher than have been received since—while other grains brought at least fair prices. Now, those who argue that a good harvest and a fair market suffice to bring good times in Canada, are called upon to explain why no good times, or even a semblance of them, followed upon the abundant harvest of 1877. The good prices, too, let us add, continued on far into 1878; it was not until the last quarter of 1878 that a decided fall came. Why did that prosperous harvest year for the farmers—September 1st, 1877, to August 31st, 1878—bring no mitigation of the depression then prevailing? That it brought no appreciable relief we have the best of evidence to prove. When the result of the elections of 1878 became known, the defeated side gave this as a reason—that the country had taken a general craze over the cry of "hard times," and in the excitement of a day, voted for a change of government with the vague reflecting notion that this particular change might bring relief. If the very abundant harvest of 1877, and the good prices that ruled for twelve months following, had done anything appreciable towards making the times better, the country would have felt it, and Mr. MacKenzie's position would have been better than it was. But with all the bountiful harvest, and good prices besides, any mitigation of the depression there did not appear to be. Testimony from the other side is to the effect that, so severely were the "hard times" felt, during the summer of 1878, that the people in a manner lost their senses, and voted in desperation for a change of Government. With the "other side" it now rests to explain why, if the good harvest of 1877 had such a wonderful effect, the far better harvest of 1877 appeared to have none. Why was there no fulfilment at all of the *Globe's* prophecy made after the big harvest of 1877 had become a certainty, that the depression would soon have become a thing of the past, like an unpleasant dream? Mr. Farrow touched on this point on Friday, but not half enough has been said about it yet. The argument raised is a pertinent one, and should be driven home. The failure of the splendid harvest and high prices of 1877-78 to bring good times is something that remains to be accounted for.