



ESTABLISHED IN 1880.

Published on the First and Third Fridays of each Month

BY THE

**Canadian Manufacturer Publishing Co.**

(LIMITED)

Room 66 Canada Life Building, King St. West, Toronto.

TELEPHONE - 1274.

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Managing Director. Editor.

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SUBSCRIPTION. - - - \$1.00 per year

ADVERTISING RATES SENT ON APPLICATION.

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**HOME MARKETS vs. FOREIGN TRADE.**

In a recent issue of this journal we produced figures showing that the foreign trade of Canada, per capita, was greater than the foreign trade of the United States. The figures applied to the year 1890, and were as follows:

	Imports.	Exports.	Total Trade.
Canada.....	\$23 50	\$18 66	\$42 16
United States.....	12 63	13 73	26 36

That is to say, the total foreign trade of Canada per capita amounts to 62.5 per cent. more than that of the United States.

Regarding this question of the foreign trade of a country, quoting our facts, the *American Economist* says:

If, then, any reliance can be placed in the theories of the Manchester school of political economy, the people of the Dominion should be at least a half more wealthy and prosperous than we. The fact, however, is that we are more prosperous than the Canadians. But any theoretical economist will prove to you that the amount of foreign trade is the most trustworthy gauge of the prosperity of a country.

It is always well to examine theories to see, not so much if they are based on substantial ground, as to see if all the circumstances governing their adaptability have been given due consideration. Such an examination would show in this case that the Canadians doing more foreign trade than the Americans, contribute much more to the profits of transporters and middlemen than their neighbors, and by this extra contribution to the prosperity of middlemen is this net income less than the net income of persons in the United States.

The effects of this continuous drain (the increased cost of distribution necessitated by free trade), on the net profits of the countries interested is always sedulously overlooked by the disciples of the Manchester school. But, like the immense standing armies of Europe, the men engaged in distributing products through great distances, which could be produced in juxtaposition, are withdrawn from productive industry and their services lost to the world as a whole. The country, however, supporting the forwarders, like the country supporting the army, incurs the greater part of this loss, but in spite of this, both the producer and consumer have less by the amount of the middleman's gains.

Nothing can justify one in being a theoretical free trader except a disregard of the cost of transportation. The term "theoretical" is used to distinguish those who think free trade would give them cheaper products from those who know they would make more money through the higher cost of finished products; which is the intention of practical free trade.

It was this spirit of free trade which a few days ago impelled the agents of certain steamships trading between Canadian and British ports to appeal to the Dominion Government to reduce the duty on manufactured iron to the end that they would have increased freights for their steamers. The unreasonableness of this request is seen in the fact that while the yearly consumption of iron in Canada amounts to probably 300,000 tons, the domestic production amounts to only about 40,000 tons. The difference between these two amounts indicates our importations of iron; but the secret of this request on the part of the transporters is that at present a large proportion of the iron used in Canada is manufactured from imported scrap, the freight charges upon which are lower than upon finished iron, while if Canadian rolling mills and puddling furnaces could be crushed out of existence, while there might not be any more finished iron consumed in Canada, that which was used would be taxed with much higher freight charges than what are now paid.

What these generous steamship men really desire is that, the Canadian iron manufacturing industry having been crushed out of existence, the labor which had been employed in it would be diverted to agricultural pursuits and the growing of wheat for the British market, giving them increased freights in that direction; while on the other hand the production of iron in Canada having been abandoned, there would of course be increased freights of that character in this direction.

And this explains the difference between the value of a home market and a foreign market.

**AS TO THE SUGAR DUTIES.**

A CORRESPONDENT points us to the fact that the opposition orators and papers use the arguments which the CANADIAN MANUFACTURER has advanced against the existing sugar situation as a club with which to destroy our policy of protection to Canadian manufacturing industries. We can well appreciate the difficulties which environed the Government at the time the duty was taken off of some grades of raw sugar. It was a bold stroke of policy which was expected to relieve the people of a heavy burden, and it would have been very acceptable indeed, if it had fully effected that result. The Government in putting this sugar on the free list were following the example set by the American Government—with a differ-