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BONUS OR DRAWBACK WHICH?

In a recent issue of this journal was an article written by Mr. George E. Drummond, manager of the Canada Iron Furnace Company, giving a review of the pig iron business of Canada during the year 1894, in which he made allusion to an effect that was being had upon that industry by the operation of the Order-in-Council of November 2, 1894, entitled "Re drawbacks on imported goods used in Canadian manufactured articles, and exported." Regarding this Order, Mr. Drummond says that it was passed with a view of encouraging the exportation of agricultural imple-

ments to foreign markets; that the principle of encouragement is perfectly correct, but the way in which the Order is framed, and the manner in which it works, are most detrimental to the development of the Canadian iron industry. "As it stands to-day," he says, "it obliges Canadian consumers to use foreign raw material before they can avail themselves of the encouragement offered by the Government, and it bars out altogether the use of Canadian raw material." He illustrates this point by the fact that an Ontario plow manufacturer, in writing to a furnace company, had stated that much as he desired to use Canadian pig iron at competition prices with American, yet inasmuch as he exported largely to Australia and Great Britain he was compelled to use American iron and steel, so as to enable him to obtain the rebate of duty offered under the Order-in-Council. He also mentioned another manufacturer who had received an order for plows for the Australian market, to be forwarded by the next out-going steamer and who regretted that he was compelled to use Canadian steel because he had no American steel in stock, and therefore he would have to forego the benefit of the rebate of duty. "It is quite evident," says Mr. Drummond, "that the manner in which the Order-in-Council was drawn up, and is now being acted upon, is merely an error, but it is one that should be rectified immediately, as it simply nullifies the protection and encouragement to the Canadian iron industry granted by the Dominion Government itself at the last session of Parliament." In the opinion of Mr. Drummond, the Government to be entirely consistent with their policy of encouraging the manufacture and use of Canadian iron, should have so framed the Order-in-Council that manufacturers of agricultural implements would be awarded whatever sum the duty would amount to if they had imported the iron and steel used in constructing their machines, but leaving them free to use Canadian raw materials. In other words the encouragement to manufacturing for export should take the form of a bonus rather than a rebate of duty.

It was the belief of the Government, no doubt, that the Order-in-Council embodied about all that was necessary to encourage the export trade in agricultural implements and other articles of Canadian manufactured products, and that it did not embody any feature that would operate against any Canadian manufacturing industry, particularly the iron and steel industry. And it is an open question now whether the iron and steel industry are any worse off now, under the operation of the Order-in-Council, than it would have been if that Order had not been passed. The argument is advanced by some that if it was impossible to use Canadian iron and steel in the construction of agricultural implements made for export before the passage of the Order, the iron and steel industry cannot possibly be injuriously affected by the Order, but it would remain substantially as it was before. If this contention is correct, and it is the view of the subject entertained by the Government it may be that the change desired by Mr. Drummond and the other manufacturers of iron and steel will not be made; but the contra arguments advanced by these latter have force and weight, and are certainly entitled to the most profound consideration.

The impression prevails that the Order-in-Council under