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T. JAMES CLAXTON & CO.**The Journal of Commerce
FINANCE AND INSURANCE REVIEW.**

MONTREAL, APRIL 5, 1878.

UNITED STATES DRAWBACKS.

The committee which has been engaged since the commencement of the present session of Congress in framing a new tariff has at length reported, and it seems to be believed that their recommendations will be carried into effect. Canadians are of course very much interested in the subject, and it is desirable that the attention of the government and of the members of Parliament should be directed to any changes of importance calculated to affect Canadian industries. There is an old adage "A burnt child dreads the fire," and, after our experience of the effect of drawbacks on exported sugars—the consequence of which was the closing of our Montreal refinery, we cannot help being suspicious on the subject of drawbacks. The law at present regarding drawbacks is as follows:

"There shall be allowed on all articles 'wholly manufactured of materials imported, on which duties have been paid, when exported, a drawback equal in amount to the duty paid on such mate-

rials, and no more, to be ascertained under such regulations as shall be prescribed by the secretary of the treasury. Ten per centum of the amount of all drawback so allowed shall, however, be retained for the use of the United States by the collectors paying such drawbacks respectively."

The new clause is as follows:

Provided, That where the manufacture is from articles wholly or in part of foreign growth or production, the Secretary of the Treasury may prescribe regulations without the use of a bonded manufacturing warehouse, and there shall be allowed, when exported from the original port of entry or elsewhere, if authorized by the Secretary of the Treasury, on all articles wholly or in part manufactured of such imported materials on which duties have been paid, and not herein otherwise provided for, a drawback equal in amount to the duty paid on such dutiable materials, and no more, to be ascertained under such regulations as shall be prescribed by the Secretary of the Treasury; and all laws in conflict with this section are hereby repealed.

It will be observed that the drawback instead of being on goods wholly manufactured of materials imported, is in future to be on goods "wholly or in part" manufactured, and the 10 per cent. of such drawback is no longer to be retained. There is grave cause for apprehension that, under the new clause, a stimulus will be given to exports of all kinds of manufactures in order to obtain drawbacks, which, if past experience in any country where they have been granted is allowed due weight, will most certainly result in fraud. There is a simple mode of checking such attempts. Our Parliament should enact that, in addition to the duties levied under our tariff, there shall be imposed an additional duty equal to any duty imposed on goods imported from Canada, in excess of that imposed on similar goods imported from any other foreign country, and also equal to any bounty or drawback granted on the exportation of goods to Canada. By such legislation these drawback frauds would be effectually prevented.

We observe that by the proposed tariff the lumber duties are reduced one half which, if carried out, is a subject for congratulation to those engaged in an important industry which has been of late much depressed. There is a considerable change in the mode of assessing the sugar duties. The Dutch standard of colour is to be adhered to, but, in addition, they are to be tested by the polariscope. As regards colour all below 13 Dutch standard are to be on the same footing, and these only are to be tested by the polariscope. All above 13 are in future to pay according to colour. The rates on the various

grades do not materially differ from the old ones if an average be taken. The duties on cottons are materially reduced, and the duty on wool is in future to be *ad valorem* instead of specific, and in the manufactured articles of wool instead of combined specific and *ad valorem*, they are to be in future *ad valorem*. The duties on iron are considerably reduced, but on coal are unchanged. Leather is reduced, but salt is retained at the old rate. We have glanced at a few of the articles in which Canadians are interested, but a United States tariff is rather a complicated document, and it is perhaps premature to notice it at all until we learn whether it will be sanctioned by Congress.

While on the subject of tariffs, we must call attention to a letter of Mr. George Gordon Dustan on the subject of our sugar duties. We shall not occupy much space in replying to Mr. Dustan's criticism of our late article on this subject. Mr. Dustan, notwithstanding more than one appeal to him to state precisely the alteration that he requires in the sugar duties, is silent on the subject. He attaches great importance to the duty on packages, which we deem a trifling matter, and one that, if it was the sole difficulty, would hardly be allowed to stand in the way. Mr. Dustan is wholly mistaken as to the vacuum pan sugar being admitted at $\frac{1}{2}$ cents per lb., unless he refers to what he describes in his letter as being "often made purposely of a very low color," or as being "artificially colored." Mr. Dustan states that these sugars are "injured by the voyage, their bloom being destroyed, and the greater part of them used by the refineries of Great Britain." Now if Mr. Dustan will turn to a report from the Sugar Refiners' Committee, furnished by himself, he will find it stated "the bulk of the British Guiana crop now comes in the form of crystallized centrifugal sugar and goes to the consumer." Can Mr. Dustan explain why this sugar goes to the consumer in England and not to the Canadian consumer on any other ground than the duty? He says:—"The Household consumer prefers refined." If he means by "refined" the yellow Scotch sugar, all we can say in reply is, that any consumer who gives that or the United States article the preference over crystallized centrifugal is a poor judge of the article.

We must notice another statement of Mr. Dustan. He says the British tariff "never made a difference of less than 1 to 1½ cents between the lowest and highest specific duty on sugar." 1 cent. would be 4s. 8d. per cwt. In 1869 the duty on refined in loaves was 12s., but 11s. 3d.