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THE GREAT RAW MATERIAL PROBLEM.

In applying the principle of Protection to tariff details, we proceed in most cases on the broad general rule of putting duties on manufactured articles, while admitting the raw materials of manufactures free. What Protection aims at is to cause to be done at home, and by our own people, work that would otherwise be done abroad, and by foreigners. Raw material imported give us the maximum of work for our own workers; wholly finished articles imported give us no work at all, there being nothing more to be done upon them; while, for the amount of work furnished, articles partly manufactured stand somewhere betwixt and between the two. Theoretically the rule is perfect and without a flaw; but a country's circumstances may be such that to carry it through all details of the tariff would create, not Protection of the country's labor, but discrimination against it and in favor of foreign labor. A great standing difficulty exists, and presents itself in many and various forms. The finished article of one trade is the raw material of another. Say that each particular trade must have its finished product protected by a duty, the free list will be a short one, indeed. Say, on the other hand, that each particular trade is to have its raw material free, then the tariff will be free list nearly altogether. Free traders have not been slow to seize upon this difficulty, and from it to argue that to carry out Protection is practically impossible. But theirs is and must be a very imperfect view of the matter, for we know as a fact that the alleged impossibility has actually been accomplished by some nations on the large scale, and with the clearest evidences of practical success. The plan most extensively adopted for meeting the difficulty is that of graduated Protection, say, for instance, raw material free; partly manufactured, ten per cent.; wholly manufactured, twenty or thirty per cent. But, widely applicable as the rule of graduated Protection is, there are still cases in which it would work very badly, and in fact would not suit the circumstances at all. And it may not be far from the truth to say that in the various iron trades there are more such cases, and more important ones, than in the whole wide range of all the other trades combined. It is in dealing with the iron trades that we have to encounter the most numerous and the most serious difficulties of the great raw material problem.

Upon one of these difficulties the Finance Minister has now fallen, in trying to deal with the article of pig iron. Four years ago a duty of two dollars per ton was placed upon this

article, which before had always been free in Canada. It is now proposed, while leaving the two dollars duty on imported pig, to give during three years to come a bonus of \$1.50 on all pig iron made at home, and of \$1.00 per ton for the three years next following. The proposed change is objected to in the following circular memorial, which bears date April 6, is signed by the Ontario Rolling Mills Company, Hamilton, and by Messrs. Scovil & Purdy, manufacturers of merchant bar iron, St. John, N. B., and has been sent to every member of the House of Commons:—

We call your attention to the proposed re-adjustment of the iron tariff, and beg to submit for your information that before Confederation the tariff on bar iron in Ontario was 20 per cent., with no duty on raw material, and that the tariff on bar iron under the N. P., is 17½ per cent., less \$1 to \$2 duty on scrap, etc., leaving a protection of about 12½ per cent. only, an inadequate amount to compete with foreign iron of general merchant sizes as used by the public. Under this policy only three Canadian mills attempted to compete with England, &c., in general merchant iron. Two of these mills use scrap iron exclusively, and the other one uses pig iron which it makes from ore. It is now proposed to give pig iron makers a bonus of \$1.50 per ton on all iron made for a certain time. This bonus is equal to nearly \$1.87 per ton on bar iron, as it will take nearly 1¼ tons of pig iron to make a ton of merchant bar iron, and it is intended to give this third concern the benefit of this to the exclusion of the other two, who have been as well endeavoring to meet the same unremunerative markets with the expectation and promise of tariff assistance as soon as the National Policy was, after consideration, accepted by the Canadian people in the last general elections. We ask you as legislators to see to it that this injustice is not done us, and to see that other establishments who have been endeavoring to compete with imported merchant bar receive an equivalent to a bonus as well as the makers of merchant bar iron made from pig metal, thus putting us all on the same footing. We would further call your attention to the fact that it is just as important to encourage and build up the manufacture of bar iron for general purposes as it is to encourage the manufacture of pig iron alone, as a very large part of the market for pig iron should be from these bar iron makers, and is everywhere else, and will be in Canada if you will see this matter righted and justice done.

We would also refer you to the tariffs of other countries to show that the more advanced an article is in the manufacture, "that is, that more labor is spent on it," the more should be the tariff, to be in proportion to the cost of the raw material. This will not be the case as it is now proposed with iron in Canada, as pig iron is to have a bonus of \$1.50 per ton with the present duty of \$2, equal to \$3.50 per ton in all. On, say a valuation of \$15, this would be equal to nearly 22 per cent., while bar iron, costing more than twice as much for actual labor spent, has only 17½ per cent. All bar makers outside