

# INDUSTRIAL WORLD

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### "COTTON LORDS" IN CANADA.

According to the Free Trade press, a principal effect of the National Policy has been to throw certain important manufactures into the hands of "rings" of individuals, who are becoming enormously wealthy at the country's expense. We hear much of the "cotton lords' tribute," and the alarmist rumour being circulated that one particular cotton company has in twelve months made 66 2/3 per cent. profit on its capital. In this it would not be out of the way to remark, in the first place, that if the "cotton lords" aforesaid are doing exceptionally well at present they fairly deserve it. In consideration of the years during which their noses were held to the grindstone, through the operation of a policy which was crushing them while catching their competitors in the United States. A turn in the wheel in favour of them and others besides, who suffered similarly during the dark days, does not seem to be much out of place, after all. Further, if we are to take the fault-finders at their own word, this unwonted prosperity can at best be but for a very short time only, and need not excite any in any alarming degree. For, is it not written in the Free Trade book of fate that the inevitable result of "coddling" any manufacture by high protection is to cause so many to rush into it that it becomes overdone, with large loss of capital and the ruin of investors as the consequence? If things must revolve in such a cycle as this, then we may reasonably bear for a while even with the "cotton lords," whose fortunes are likely ere long to furnish a lesson for pity rather than for envy. Cotton companies, some of them with very large capital, and contemplating a production to correspond, are starting up pretty numerously just now, and the day when they will be wildly beseeching customers to take their overplus of goods at cost cannot be very far off, according to the Free Trade prophets. Then, if we may be sure, there will be no more profits of 66 2/3 per cent., but instead of

that every cotton company will have its Carrawaig— the "financial man" of the concern— sitting in his private office, looking on in blank dismay at columns of figures which tell all too surely of crushing annual deficits. Let us, therefore, have some consideration for the poor fellows, and not grudge them their little brief season of sunshine and haymaking, which will come to an end soon enough, if the prophets speak truly.

This 66 2/3 per cent. business it may be of interest to inquire into a little, in the meantime. There is an "art of putting things," it is said, and this particular thing is generally put in such a way as to give to the casual reader the impression that the figure quoted represents the profits realized on the goods over cost of manufacture. In other words, the supposition is encouraged that a parcel of goods which cost to produce, all items included, \$1,000, can be, and actually has been, sold for \$1,666. And as this must have been received from the largest wholesale buyers, with one dealer, and perhaps two, still between them and the actual consumer, the suggestion is virtually made in the public ear that the consumer is really paying about two dollars for what it cost only one dollar to produce at the mill. We do not say that this conclusion is actually stated by the Free Trade press, but we do say that something like it is persistently suggested. Now, the true explanation of the matter is neither far to seek nor hard to find, and, once it is apprehended, the suggested enormous profit on the dollar's worth of goods shrinks down to reasonable dimensions. Suppose a certain amount of capital to be employed in the purchase of raw material, payment of wages and other current expenses, and the carrying of stock until sold, and that it were turned over every month at a profit of ten per cent on the cost of production, there would be on that particular portion of the capital an annual profit of 120 per cent. If it were turned over four times a year at twenty per cent. the annual profit would be eighty per cent. On the whole capital invested, buildings, machinery and all included, the annual profit would be much less, but still something handsome, after all, in either case. Now, the short and simple explanation of present good profits in cotton manufacturing in Canada is just this— that the possession of a home market capable of taking up the goods as fast as they come from the mills enables the companies to turn over with phenomenal rapidity that portion of their capital which is employed in current expenditure. It appears to be, in fact, a remarkable example of the "nimble expense," as contrasted with the "slow shilling" experience which too extensively prevails. We do not say that the cotton companies turn over their floating capital twelve times a year, or four times, but that between quick work and quick sales they do turn it over very rapidly business men well know. We wish merely to caution the readers of some extravagant statements and deceptive insinuations against the fallacy of confounding the annual profit on capital invested with the percentage of profit on a dollar's worth of goods produced, cost value.

The designation of "cotton lords," used as a term of reproach in this connection, is not particularly well chosen by opponents of the National Policy. It originated, not in Canada, but in England, the home and headquarters of Free Trade. There the noble order of "cotton lords" had its birth, and there it has flourished in a degree unknown in any other country under Heaven. Nor are these English "cotton lords," as a rule, mere mushroom pretenders, with their wealth all on paper, living

on the wind and drawing cheques on imaginary bankers. They are "solid men," most of them, and into their hands have passed many broad acres and splendid country houses, once the property of the landed nobility and gentry. Were their enormous fortunes accumulated under Free Trade, we wonder? Many or most of them must have been so accumulated, for the boast has been made a thousand times that never did the English cotton trade, and other trades along with it, enjoy such prosperity as since the great change for which Cobden and Bright fought, and which Sir Robert Peel was the instrument of effecting. We are quite prepared to show that the colossal fortunes accumulated by "cotton lords" and other great manufacturers in England were and have been built up chiefly by actual monopoly of markets, far more thorough and inescapable than anything of which we have an example in Canada; but enough for the present on the subject. Let the *Globe* and others of our antagonists now study up on this question, and explain to their readers how both the name and the reality of "cotton lords" originated in England the birth-place and stronghold of Free Trade.

### STATE OF FEELING IN ENGLAND.

Observers of public events in the Old World cannot fail to have been impressed with the change which is rapidly coming over the dream of Englishmen in regard to the commercial relations of their country with other nationalities. When England adopted the Free Trade system, it was after a policy of protection had helped to build up her industries, and it was done in the hope that sooner or later the whole civilized world would follow her example. But the whole civilized world has done nothing of the sort. On the contrary, Free Trade principles are at a discount, and Protection is in the ascendency. England is rapidly drifting into a condition of commercial isolation. The new French General Tariff, which went into operation on the 8th of May, has proved a severe blow to the English Free Trader, and on every hand a cry is heard demanding the consideration of the advisability of contributing a policy which is rapidly playing havoc among British industries. We now proceed to furnish as much additional evidence as space at our disposal will allow, to illustrate the growing uneasiness which prevails.

Two weeks ago in the House of Commons Lord Huxar Scott, who represents South Hants, asked the Chancellor of the Duchy of Lancaster, Mr. Balfour, whether he was aware that since 1875 eleven woollen manufacturing firms had failed in Hawick alone, and their liabilities varied respectively from £1,500 to £400,000, and had reached a total of £830,000; whether it was the fact that the export of tweeds was greatly hampered by foreign tariffs in America and other countries, while at the same time the price of home-grown wools had so declined as to be actually unremunerative to the grower; and whether any steps would be taken by Her Majesty's Government, in any treaty of commerce now negotiating or to be negotiated, to secure that so important an interest in a home manufacturing industry is relieved from the unfair and unequal duties imposed on it by foreign tariffs? In a recent issue the *London Daily Telegraph* said: "Bradford may almost bid farewell to any hope of profits from a French market. Accordingly, the feeling is gloomy. Many good workmen, it is said, are emigrating to the United States, where, fostered and coddled by protection, the woollen industry can afford to pay them good wages, while mill-owners are talk-

ing of a similar change, and of transferring their capital and energy to a country where there is a certainty of both being rewarded. Abstract bonillous on the virtue of Free Trade will neither regain nor retain a market, and will not give one hungry artisan an hour's work." Recently Mr. CRAIG-BROWN, a manufacturer, lectured at Belfast on "International Trade; its Conditions." Lord NARIN and ERICSSON presided on the occasion. In his opening address His Lordship said:—

"When many years since the Free Trade policy was adopted in our country, it was adopted under a Government measure; it was adopted under a belief that that policy was true and just in itself, and that it was adapted to the necessities and to the interests of our country. But it was also undoubtedly adopted at the time under the impression that the force of our example and the spectacle of our prosperity would, sooner or later, have an equivalent effect upon the minds and the policy of foreign nations. In regard to the first, he believed that the expectations of this country had been on the whole satisfied. There was no doubt that up to the present moment, under the regime of Free Trade, they had enjoyed an unexampled degree of prosperity and power, and the causes of the recent, and he might say the prolonged, depression were up to that time imperfectly understood and ascertained. But in regard to their expectations respecting the course to be carried on by foreign nations, it was equally well known that they had met with a serious disappointment. Foreign nations had, as a rule, been indifferent to our counsels and our philosophy, and they had been unaffected by the spectacle of the prosperity which we had held up before their eyes; they had not followed our example, and, instead of coming towards it, they seemed rather to be hardened in their mistaken course. They seemed to have said, 'Well, yet they had in some cases continued to prosper. Well, the result of our present position he thought was this— that a great share of public interest and anxiety would be bestowed at no distant period upon two questions. It would be very generally asked— What is to be the form of our Free Trade policy? Is our Free Trade policy to be the policy recently pursued— free imports, or free exchange—the free import of all food-stuffs, of almost all raw materials, and of the greater number of manufactured commodities, without any corresponding and equivalent concession on the part of foreign nations? Or is our Free Trade policy to take the form of free exchange, to be subordinated to some system of reciprocal or retaliatory duties to be imposed in our country towards those countries who act in that manner towards us? Is the Free Trade of the future to be free import or free exchange? and should this policy—it might be called a reciprocal or retaliatory policy— be sanctioned, in what form is it to be sanctioned? Is this system of reciprocity to be set up by negotiations or treaties with foreign countries, or simply to be set up, standing apart and acting without foreign countries, without engagements or without entanglements, as the interests of our own country might seem to dictate?"

In the course of his lecture Mr. CRAIG-BROWN said: "The only mode in which a community can save itself from being a loser by the revenue duties imposed by other countries on its commodities is to impose corresponding duties on theirs." Continuing, Mr. CRAIG-BROWN is thus reported:—

"The lecturer contended that the question at issue was not one of party any more than the question of how they were to earn their daily bread was one of party. It was a proverbial remark to 'give up to party what was meant for mankind'; and surely if anything ever was meant for mankind it was the law of exchange between nation and nation. Though unwilling to introduce figures, he had to ask attention to the fact that in 1879 the exports of the country were 249 millions and the imports 353 millions, and to ask them to consider how the enormous surplus of imports was balanced."

In the *North British Daily Mail* "X" appeals to mechanics and workmen as follows:—

"While in their membership many interests are represented, the interests of working men are not represented. I therefore take leave to urge upon the working men, as they regard their own interests, to let their voices be heard in this matter. They here shows a noble example of self-denial in leading the way in freedom of trade, and allowing the products of their labour to be placed at a great disadvantage in regard to the products of foreign labour, in order to establish universal free trade. Foreigners, however, are now so pleased with the profits

they make in our wools that they refuse to see the advantage of Free Trade. It now becomes desirable, in the interests of the working men, for them to protest against a continuance of this state of things. Of what good to them are their trade societies if they are to allow without protest the productions of ill-paid foreigners to be sold in British markets against the productions of their labour, and at the same time have their productions excluded by high tariffs from foreign markets? Hitherto, in their desire to keep up wages, the efforts of trade societies have been directed against masters, who in the unequal competition have been impoverished and many ruined. The silk trade in this country has been ruined, the wool, worsted and mixed fabric trade is fast being ruined, and even the iron manufacturing trade is at present doing no good. Working men, don't quarrel before it is too late; have free trade with reciprocity, and in no other way. Better for you without it than as we have it at present. Our present system of what is called Free Trade may suit money holders and merchants; but it is certainly not in the interest of working men."

A deputation waited upon Mr. GLADSTONE a short time since and conferred with him on the foreign sugar bounty question. (No of the speaker.) HIRCHE pointed out that Hamlets, which some years ago were valued at 200,000 tons per annum, are now valued at 100,000 tons per annum. It is no wonder that the London *Globe*, commenting upon the fact, says:—

"The industrial classes may well give thought to such an unexpected result of so-called Free Trade, when they remember that it is representative of the condition of the same branch of trade all over the kingdom. Thousands—we may even say tens of thousands—of English workmen have been thrown out of employment through the operation of the foreign bounty system. One Bristol factory alone used to give regular work to nearly 2,000 hands, but its proprietors, after a gallant struggle, found themselves bankrupt, and had to close the doors of their vast establishment. It will be said, no doubt, that although our loaf sugar trade is extinguished, the expansion of the molasses industry makes up for the loss. That argument would carry some weight were it not for the probability that the bounty-rising countries will apply their unfair process in succession to every staple trade of England in which they see a chance of successful competition. It was stated yesterday that France already threatens to attack our molasses trade, and not long ago it seemed probable that she would seek to undermine our ocean-carriage trade by similar means. Here lies the real cause for grieving. Could we make sure that the application of the bounty system would go no farther, the injury already inflicted might be endured with greater resignation. But even those whose devotion to Free Trade admits of no question, are forced to recognize the possibility of the same leverage being employed all round the circle of British manufactures. Is this country prepared to see her trade destroyed in this piece-meal fashion? That is the question really at stake, and not as to whether Free Trade shall be given up. All parties in this country are agreed that a sensible system of Free Trade would serve the national interests much better, on the whole, than any form of Protection. Even under present circumstances, the balance of advantage unquestionably rests with the former system. But every time a foreign country adopts the bounty system against some British staple, this balance is diminished, and as such adoption threatens to become general, even the most robust Free Traders must recognize the gravity of the situation. It is all very well to tell the men of Lancashire that Free Trade gives them cheaper bread and meat than if imports of those commodities had to pay duty. But what if some foreign country, say the United States, were to apply the bounty system to its cotton manufactures? The Lancashire lads would not find very much advantage in the cheapness of food if the great industry which gives them employment were ruined."

And concluding its long and exhaustive article on the subject, the same journal says:—

"It is of extreme importance that England should show to the world, at the very first opportunity, her determination to make a resolute stand against the bounty system, if not against hostile tariffs. If this firm attitude be not taken up at once, we shall have many others of our trades complaining, before many years elapse, that they find themselves ruined by foreign competition based on Protection, and fed by subsidies. To talk of this being Free Trade is a gross misapprehension of that term. Real freedom of trade consists in the parties to it selling their