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The Journal of Commerce

FINANCE AND INSURANCE REVIEW.

MONTREAL, MARCH 8, 1878.

THE SUGAR DUTIES.

In our notice of the trade returns of 1877 in our last issue we purposely refrained from any discussion of the sugar trade, which is of sufficient importance and magnitude to require separate consideration. It must be borne in mind in considering the question that sugar is by far the most productive article on which customs revenue is raised, and moreover that it would be difficult to find a fairer article to tax. The readers of this journal have had frequent opportunities of reading the letters of Mr. Dustan of Halifax, Nova Scotia, who has for a considerable time back been the principal advocate of measures for the benefit of a Canadian refinery interest. At the last meeting of the Dominion Board of Trade Mr. Dustan submitted his views in the form of a letter which we published in our issue of 1st February. We then pointed out that Mr. Dustan had failed to make specific recommendations beyond the countervailing

duty on imports from countries granting bounties, the duty on packages, a matter of trifling importance, and the removal of the extra duty on molasses used for refining. The fact is that the sugar question is but imperfectly understood by those who write and speak upon it. Mr. Bremner, the gentleman who moved the resolutions on the subject of the sugar duties and who was charged by the Halifax Chamber of Commerce to present their views to the Dominion Board of Trade, expressed an opinion that "late improvements in the refining of sugar make it impossible for West India grocery sugars to compete with refined." Mr. Alexander McGillon, a gentleman of considerable experience in the grocery trade in this city, has recently declared that "consumers gradually got into the way of using refined sugar instead of raw, and now scarcely a pound of the latter can be sold to a consumer." It is not very clear what is meant by the term "raw sugar," which is certainly not a correct designation of the vacuum pan sugar which is now largely exported from the sugar colonies. One fact, however, Mr. Bremner should bear in mind, which is that West India grocery sugars do compete most successfully with refined in the English and other markets, where they are permitted to do so on equal terms as to duty. The Canadian sugar duties have operated to prevent the importation of grocery sugars, and there is no object in assigning other reasons for their exclusion. The object of the original resolutions introduced by Mr. Bremner was to request the government "so to adjust the duties on sugar as to encourage the prosecution of so important an industry in this Dominion." Now it must be borne in mind that when the sugar duties were adjusted in 1867 the intention of the Government was to encourage the industry in question, and the mode adopted was to charge a specific duty of $\frac{3}{4}$ of a cent per lb. on the lower class of sugars, while the higher was subject to 1 cent, both paying 25 p. c. ad valorem. The practical effect of this protection was a difference of duty of about 75 cents per 100 lbs., but Mr. Cartwright reduced the duty on the lowest class to $\frac{1}{2}$ cent, thus making the difference \$1 per 100 lbs. This, however, is still quite unsatisfactory to the refining interest, which has enlisted the shipping interest and all whose vivid imaginations lead them to expect a large export trade to the West Indies. Mr. Frazer of Toronto read a resolution adopted at a meeting of the manufacturers of Ontario, which complained of our "throwing away upon foreigners the profits of the large direct trade we might do with the

West Indies," and Mr. DeVeber of St. John proposed a resolution "to revise the sugar duties by decreasing the duties on the lower grades and increasing on the higher in order at once to advance the interests of the consumer and manufacturer. This was the wise proposition of the New Brunswick free traders. It would certainly be a charming plan to advance the interests both of the manufacturers and consumers of sugar by reducing still more the duties on the lower grades, already protected to the extent of \$1 per 100 lbs. Unfortunately no reference whatever was made to the effect on the revenue of this considerable reduction of duties. Subsequently Mr. DeVeber struck out of his resolution the proposition to increase the duties on the higher grades, but Mr. Bremner was far from satisfied, and thought that to open our refineries there should be an increase on the higher grades as well as a reduction on the lower grades. Mr. Morrison of Toronto moved an amendment that "the present tariff with respect to sugar is the fairest we ever had." Mr. Morrison proved at all events that he had taken pains to understand his subject. He pointed out what had been studiously concealed by the advocates of change, that the bulk of the imports of sugar have been coming of late not from the United States but from the United Kingdom. It is admitted that the United States have abandoned their excessive bounties which we have always maintained should have been met by a countervailing duty, but the Scotch refiners have no bounties, and yet, although under the present system the better class of sugars pay a higher duty than the inferior class of fully \$1 per 100 lbs., the advocates for the refiners are dissatisfied. Now let it be borne in mind that sugar refining was carried on successfully under the present tariff until the United States established the excessive bounty which has since been abrogated, while, on the other hand, the present ministry have reduced the duty on the lower grades from $\frac{3}{4}$ to $\frac{1}{2}$ a cent per lb., which is equal to about 6 per cent ad valorem. It is well for the advocates of change to consider seriously what consequences would result from it, and, to assist them in forming a judgment, we propose to advert to the comparative imports in 1873 and 1877, the former a year when the Montreal sugar refinery was at work and when business was flourishing, while the latter was not only a period of depression in trade, but the refineries had been all closed. In 1873 the value of the imports of the higher grade of sugars over No. 9 Dutch Standard was \$4,317,760, against \$639,586, under No. 9, and \$59,556