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THE PETROLEUM INDUSTRY IN THE UNITED STATES AND CANADA.

In our impression of October 6th, 1876, we furnished some interesting statistics of the then condition of the Petroleum Industry of Canada, with a sketch of the progress of the trade since its first inception. The present appears to be a fitting opportunity for some further remarks on the subject, and in order to afford a clearer insight into the present condition and future prospects of the oil trade as it affects the Dominion, we shall have necessarily to examine what is being done across the lines.

It may be as well to preface these remarks with the statement that the price of burning oil in Canada is wholly affected by the values ruling in the United States. This industry is, like many others, so overshadowed by the gigantic production in Pennsylvania, that in all the calculations consideration must be had as to what our American neighbors are about. The Petroleum Industry is also afflicted with the usual difficulty of "over production" (that is for the home market), and hence it follows that, unless bolstered up by the uncommercial expedient known as an "oil ring," or relief afforded by way of export of the surplus oil produced, the price must recede till, by the operation of the law of supply and demand, the overplus is absorbed, and the producing business assumes a healthier tone.

Canada petroleum is a "protected article,' and without that shelter could not exist as an industry in the West. The reasons for this are several, the first being that from the low gravity of our Canadian crude, 32° by Beaume's hydrometer, the percentage of illuminating oil obtained is about 25 per cent. less than yielded by the American crude, which has an average gravity of 42° to 45°; hence, the Americans can make a cheaper and a better article than we are able to do with our heavy crude. It is clear, therefore, that a certain modicum of "protection" is necessary to enable the business to be conducted at all; decrease the present duty on the imported article, and the result will be the shutting down of our 600 oil wells, the closing of all our refineries and barrelling works, the ruin of a number of mechanics, who make and keep in repair the engines, boilers and machinery, and the loss of employment to thousands who directly or indirectly live by the business. Another reason for the advantage the American operator has over the Canadian is that, whereas the average production of the Canadian oil wells is from three to four barrels per day, the American wells yield an average of ten barrels per day, while the cost of pumping is the same. It is clear, then, that without a protective tariff in this case, we should be stifling a business which is of some consequence, and further, that instead of producing from our own soil the oil needed for the dark winter nights, we should be compelled to purchase our supplies from the United States at a cost of over two millions of dollars per annum. But, whilst admitting that a fair share of protection is an actual necessity in this case, the greatest care has to be taken that the duty imposed on the entry of American oil is not placed so high as to encourage the mischievous combination known as the "oil ring," whereby the consumer is made to pay an unfair price for the article.

It may be remembered that up to the spring of 1876 the duty on American oil was 15 cents per gallon, and under the shelter of that impost the Canadian producers and refiners associated themselves together for the purpose of forcing up the price. The Legislature during the session of 1876 reduced the import duty from 15 cents to 6 cents per gallon, at the same time abolishing an internal revenue duty of 5 cents per gallon, thus rendering the operations of the old "oil ring" abortive. True, our oil is still higher than American oil would be if admitted free, but not so much so as to be a burden on the people, or a scandal to the trade. Even at its present value, the greatest depression prevails in the Western oil trade, and producers and refiners alike find it difficult to prosecute their works with an eye to profit.

AMERICAN OIL PROSPECTS.

Reference has been made to the fact that our local market here is more or less controlled by the neighboring American production, and but for the small protection enjoyed we should, to use a yankeeism, be entirely "wiped out!" But, if in Canada we are suffering from a plethora of the article, our difficulties are but a trifle compared with those which beset our American competitors. With the usual recklessness which apparently afflicts the American producer, he has gone on from step to step until the markets of the world are actually glutted with cheap petroleum, and a stock unprecedented in quantity has accumulated. The insane desire to participate in the problematical profits of oil drilling has induced thousands to quit the usual paths of mercantile and manufacturing pursuits and take a dip into "ile." Idle capital, capital diverted from lumbering operations, from coal mines, from shop-keeping, from manufacturing generally, has been thrown into oil-producing, until the climax has been reached, a crisis is at hand, and, doubtless, ruin will overtake thousands before the daisies appear in the spring.

A FEW STATISTICS.

An industry of such magnitude as that of petroleum—the fourth in importance to the American people—is naturally made the subject of very searching statistical scrutiny. On the reported production of the oil wells month by month, on the quantity of "crude" oil held at the primary markets in the tanks of the pipe line companies, and at the refineries, so the judgment of the trade is formed. But this is not all: other points have to be examined, such as the stocks of refined held in the European markets, the stocks unloading and *in transitu*, the quantity in store at home. Then, an estimate has to be taken of the actual "drilling wells," as well as the "pumpers," and also of the wells "preparing to drill." The season of the year, also, has much to do with the price at times, the markets generally being firmer in the latter end of the summer, and the early autumn months than at any