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The Journal of Commerce

FINANCE AND INSURANCE REVIEW.

MONTREAL, APRIL 4, 1879.

THE TARIFF CONTROVERSY.

The all-absorbing question continues to be the tariff, and, as is to be expected, the organs of the Parliamentary Opposition are doing all in their power to create dissatisfaction, not only in Canada, but in Great Britain and the United States. They have one powerful argument to serve their cause, and that is the increased duties on various articles, but it is one that is scarcely fair. It cannot be denied that the Finance Minister requires additional revenue, and no attempt has been made, so far as we have been able to perceive, to dispute the amount which he has stated to be necessary, viz., \$2,200,000. It may be that the Opposition are in possession of some secret by which they can obtain this large sum without imposing additional taxes on the people, and, being out of office at present, they are of course entitled to say we will not acquaint you with our policy until we are restored to power. It is to be hoped that there is

intelligence enough in the people of Canada to enable them to arrive at the conclusion, that the credit of the country must be maintained, and that, in order to maintain it, additional taxes must be imposed on the people, and this, of course, means increased burthens.

We are by no means of opinion that the tariff is perfect, indeed if it satisfied every one, even the members of the Government themselves, it would be much to be wondered at. The fair way of dealing with it is to examine the items in detail, and to ascertain whether it is open, and to what extent, to the charge of its being indirectly burthensome to the masses of the people. We propose first to deal with the losses of revenue which amount to \$453,000 on sugar, tea and molasses. On the last-named article there is a remission of duty to the extent of \$100,000, and on tea to the extent of \$90,000. To the reduction on molasses no exception could have been taken, had the Minister been in a position to relieve the people from taxes, and the same remark applies to tea. Many will think that the present is not a suitable time to remit taxes, but, apart from the ordinary duty on tea, there is a question whether, in justice to Canadian merchants, the United States can be permitted to discriminate against them in her duties. Even if the result should be a small indirect tax, public opinion will sustain the Government in its policy on this question.

The sugar question is a very large one, and the possible indirect taxation may be larger. That the United States bounty system has led to gigantic frauds is the opinion of those in the United States who have had a good opportunity of judging, and public opinion will sustain the Government in placing the *ad valorem* duty on the long price. It cannot be denied that the effect of what is only a measure of justice to Canadian refiners will be to increase the price of sugar to the consumer, possibly to the extent of the estimated loss of revenue, which is about $\frac{1}{2}$ of a cent per lb.

After allowing for the losses on sugar, tea and molasses, and \$100,000 for drawbacks, which will probably be chiefly on ships, the revenue required will be \$2,642,000. Of this amount it is proposed to raise by what may be considered strictly revenue duties \$990,000 on the following articles:

On unenumerated goods, by an increase of duty from $17\frac{1}{2}$ to 20 per cent.....	750,000
On wines and spirits, customs and excise.....	210,000
On dried fruits.....	30,000
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	\$990,000

The estimated duty on coal is.....	\$275,000
On breadstuffs.....	250,000
On lard, hams, and bacon.....	25,000
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	\$550,000

The duties on the foregoing articles may be considered in a great degree as retaliatory. They affect our trade with England very slightly, as we do not import agricultural products from England, and only about $12\frac{1}{2}$ per cent of our coal. The next items of the tariff which demand consideration are those which have been hitherto on the free list or at exceptionally low duties. Of these pig iron is chiefly important, as a duty upon it renders it almost necessary to increase the duties on all classes of iron manufacture, including hardware. The estimate of revenue from pig iron, iron bars and bolts, hardware, locomotives, nails, &c., is \$390,000. The duties on cottons and woollens have been so regulated that they will bear very lightly on English goods, which will come in chiefly under the 20 per cent duty. These duties are, it must be admitted, protective in their character, as the articles are manufactured in Canada, but there is no reason to apprehend any serious indirect taxation, as there is already competition enough to supply all the local demands. The principal cause of the very general demand for the repeal or amendment of the insolvency law has been the facility with which compositions have been arranged between insolvents and their creditors, under which the former have obtained possession of their stocks in trade at nominal prices and have thus been able to compete with their neighbors who have had to pay in full for their goods. During the period of depression which has existed now for some years Canada has been what has been termed the "sacrifice market" for the United States, and goods have been poured in upon us at prices with which our manufacturers have been unable to compete. The practical effect has been very similar to that which has been produced by our own insolvent laws. The following items, giving an aggregate revenue of \$566,000 may be considered strictly protective in their character:—

Cottons.....	\$100,000
Woollens.....	180,000
Silks.....	150,000
Agricultural implements.....	25,000
Glassware.....	24,000
Sundries.....	87,000
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	\$566,000

There have been some changes since the introduction of the resolutions, and it is far from improbable that there may be others before their final adoption. It is not difficult to find objections to parti-