

COTTON FABRICS, ETC., "OUT IN BOND."

THIS feature of the new tariff changes announced on May 25th has created much discussion. Protests have been made by those in whose interest the change was made, by the ordinary importers and also by the Canadian cotton manufacturers. When the original tariff was brought down the duties on cotton were increased, but the protection accorded to the shirt and collar makers was greatly reduced. Naturally, they protested against less duty on their goods and higher duties on their raw material. The Government saw the justice of the complaint, and resolved to make a "concession" to the shirt manufacturers, as also to the manufacturers of neckwear, umbrellas, etc.

They decided, as will be seen from Mr. Fielding's remarks elsewhere, to allow cotton fabrics to be brought in at 15 per cent. if cut into the required shapes for manufacturers' use; and the cloths for neckwear, umbrellas, etc., at 20 per cent. under the same regulations.

At first sight this looks like a very simple arrangement, but see how it works out. It means the loss to the manufacturers of cotton fabrics of whatever part of this trade they formerly did, because there is a direct inducement to the shirt and collar makers to use imported material, there being a greatly less duty on it when cut in bond. The shirt, collar, neckwear, etc., men would also have to establish bonded warehouses in connection with their establishments, paying the officials who would have charge of them.

Then, the importers, wholesalers and retailers, would be affected seriously. The new regulation would act as a strong stimulus to manufacturing "in bond," as it were. The importation of fabrics in the piece for blouses, shirt waists, cuffs, collars, etc., will certainly become a precarious business. The ready-made articles will necessarily supersede in a large measure, many believe, the sale of the material itself. The retailer would, it is thought, have to confine himself in many places to handling the made articles, and he would be restricted too in the lines that could be profitably sold. In the same way, embroideries and similar goods now sold largely both wholesale and retail would, to a certain extent, be sold in future when made up into goods. If the country dealer chose, of course, he could import at his local Custom house, keep a bonded warehouse and make up his own goods. But this, we imagine, would generally be inconvenient and impossible.

No doubt the Government thought it was a good way to meet the just complaints of the trade against a tariff which increased the duty on cotton fabrics and lowered it on articles made of cotton. But it strikes us as a clumsy device, which will in the end simply dislocate trade, injure the makers of Canadian cotton and the jobbers, while doing no particular good to anyone. The large wholesale houses will, no doubt, alter their system and add a manufacturing branch so as to keep their trade. But, on the whole, we do not like the idea of this complete transformation of the method, and it finds few advocates, even among those who would be forced to do it.

The cotton fabrics which are to be imported at 15 per cent. and cut in bond are for shirts and certain other named articles, but not underwear, hence it is contended that those who want to make up white cotton underwear, sleeping garments, etc., will have to stand a duty of 25 per cent. on the raw material, while British goods of

that class made up come in now at 30½ per cent. and next year at 26½ per cent. This obstacle might be got over by extending the privilege to makers of underwear.

But none of the trade like the change. Action was taken at once in Montreal and Toronto. A deputation went to Ottawa from the former city consisting of Messrs. E. B. Greenshields, R. R. Stevenson, B. Tooke, R. W. McDougall, A. H. Sims, D. McIntyre, D. Morrice, and A. A. Ayer. The Minister gave the usual reply. From the presence of Mr. Tooke and Mr. Sims on the deputation it may be inferred that the shirt and collar concerns do not appreciate the change in its present shape.

In Toronto some members of the dry goods section met, including Messrs. A. Darling, S. Caldecott, Sanderson, Woods, and Anderson, and passed the following resolution:

"The dry goods section of the Board of Trade of Toronto, seeing it reported in The Globe newspaper that it is proposed to admit certain articles at a lower rate of duty to the manufacturers of shirts, collars, cuffs, blouses, shirt waists, and things of that sort than the regular importers of piece goods, and having already expressed its objection to the principle of admitting goods to manufacturers at less than the regular duty as calculated to lead to evasion and fraud, the dry goods section therefore respectfully reminds the Minister of Finance of their strong objection to this practice and would urge him to avoid making any discrimination in favor of any class of importers."

It will be observed that many of the men who protest in Montreal and Toronto are strong supporters of the Government in general politics, so that the request for a reversal of this action cannot be attributed to political hostility.

FUTURE OF THE WOOLEN TRADE.

CANADIAN manufacturers, such as ready-made clothing firms, view with some anxiety the drop in tariff rates under the new schedules. It is feared that British houses will put forth a strong effort to make for this market. Some of them are said to have already secured samples of the clothing which is made by Canadians especially suited to this country, and will adapt their styles to ours. This might bring about very serious results, not only to the clothing trade, but to the woolen mills which make so much of the material used in this line of business. We must say that if the country thinks well to introduce a radical change in duties on any class of manufacture, time ought to be given to those in the business to prepare for new conditions, or get out of business.

We are accustomed to boast in Canada that our tariffs are not months in the making. That is true. But it is no particular virtue if a radical change goes into force at a day's notice. No Government, we imagine, wants to strike terror into the hearts of any class of producers by a tariff change. Yet, according to common report, this has been done in the case of the woolen industry.

It is hard to determine as yet how the woolen and clothing men are going to fare under the new duties. They have to stand a double-barrel shock—the change from specific to ad valorem duties, and the preferential tariff. In this way protection was cut down very low indeed, and it is just a question whether an industry that is dependent almost entirely upon the home market should have been dealt a sudden blow. Cut off from the United States market by high tariffs and unable to find a market in Europe except for a few specialties, the woolen industry would have a hard time of it if the new tariff proves too drastic.