

else than upper-leather, in which term is included calfskin, cow hide, kid, &c. To the success of the larger concerns an extensive capital, ample facilities for the purchase of hides in foreign markets, the latest improvements in machinery, and above all good business capacity, are necessary; without these the chances of profit are poor. In no business will the lack of these advantages be more evident, for not only must a long time elapse before the raw material can be converted into leather, and the money realized thereon, but the business is done so closely that a slight saving in time or labour is of great consequence. The facility for buying and selling to the best advantage not unfrequently results in the largest share of the profit, while the ability to hold their products until the market better suits their views is an absolute necessity of success. Of this class of dealers the number is necessarily few, as they manufacture largely, and the demand is not sufficiently extensive to permit many to operate. There need not, therefore, be at any time a long continuance of a stock in excess, as a slight reduction in the various establishments, or the stoppage of a single one, will soon effect the supply. To the possession of these advantages we may attribute, in a peculiar manner, a very general degree of prosperity to this class of tanners during the year just closed. They are gainers on the operations of the year to quite as large a per cent. as any other class of manufacturers or dealers. The great advantage, however, of the year is that which has resulted from the state of exchanges between the United States and this country. The purchases of hides made at the opening of navigation in New York and in western markets, were at rates in fair proportion to the price of leather here, deducting the then existing premium on gold of 10 @ 12 per cent. If bought on credit, the gain was very great, for when they came to be paid for, say in August, drafts on New York could be had at from 22 to 25 per cent. discount—a profit at once of ten to twelve per cent. Time purchases in this case were the most profitable—an exception to the general rule that a cash buyer is the cheapest buyer. But even cash purchases were made at a considerable advantage, for the rise in gold have been so constant, and at times so rapid, that prices of leather, as indeed of other articles, have not immediately responded to the advance. Especially was this the case in the early part of the year, before our friends on the other side of the Lake had got accustomed to the luxury of a depreciated currency and constantly enhancing values. It is probable that from seven to eight per cent. advance was gained in this manner, and that from time and cash purchases the great bulk of raw material consumed in Canadian tanneries, a saving of say ten per cent, if not more, was effected. In addition to this, the market has continuously favoured the manufacturer. The stock has never been in excess of the demand, and prices have had a constant upward tendency. Spanish sole, which could be readily

got in May at 23c, could not be bought in December at less than 28c per lb. The trade has also been kept very close to cash, and the losses by bad debts have been insignificant, so that on the whole, the year has been a prosperous one to our largest sole leather manufacturers.

The rate of exchange, however, has not only favoured the purchasers of hides, but has also induced considerably increased importations of leather. The amount brought into this port during the year is over \$62,000, against \$37,000 in 1881, and \$25,000 in 1880. The fact that this increased amount has been imported at this point alone, while all the tanneries in the vicinity have been in constant operation, indicates a largely augmented consumption, when it is remembered that only two years ago the trade were complaining of an excess in the local manufacture. There has been a good profit made on the imported article, principally the result, however, of an advance in exchange during the currency of a time contract.

With regard to the remaining class of manufacturers—the small tanneries, whose main product is upper leather—we are sorry we cannot report as favourably. They are very numerous, and when all in full operation, the product is in excess of the demand, while the small capital which is required to set them in operation will always make them numerous. Their lack of capital has been and will always be the greatest drawback; for, in order to keep these establishments in operation, they must realize as fast as they can manufacture, and no matter how unfavourable the market may be—whether the supply be large and the demand light—they cannot afford to wait until the supply diminishes or the demand revives. Frequently—nay, almost universally—buying their stock on time, they must realize in order to meet their engagements, and are often compelled to do so at a loss. Were it not that as a class they are almost always practical men, who not only labour themselves, but are close and thrifty, they would hardly be able to keep head above water. During the past year there has not been much good fortune for this large class of industrious manufacturers; the price of upper leather has been constantly declining, and little or no money whatever has been made in the business. In May, calfskin leather was held pretty firmly at 60c to 62½c; in December, it was a drug in the market at 50c per lb.

The dealers in leather have been large gainers by both sole and upper qualities—profiting when the former advanced, and buying the latter at almost their own terms, and generally disposing of it at a profit. Their business shows a large increase, their risks have been largely diminished by a close adherence to cash or short time operations, and the trade generally is in a more healthy position than for some time past.