

The Commercial

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THE RATE OF TARIFF TAXATION.

In his budget speech Hon. Mr. Foster gave some particulars regarding the tariff, which indicate that the average rate of duty collected is much lower than it has popularly been supposed to be. The protective policy was adopted in 1879 and has continued in force since that date. Since 1879, the average rate of duty collected on dutiable goods has in no year exceeded 31 per cent., while the average yearly rate of duty collected for the fourteen years has been 28.49 per cent. This calculation is based on the importations of dutiable goods only. When the free goods are taken into account, the average rate of duty collected upon all importations, free and dutiable, has never exceeded 21 per cent. in any year, and the average yearly rate for the fourteen years has been 19 per cent. This average rate of duty all around, is very much lower than it has popularly been believed to be. In fact, the average of the tariff has usually been spoken of as 35 per cent., while politicians in opposition to the government have talked about a 40 or 50 per cent. tariff.

Of course the figures given by Mr. Foster, do not show the full cost of the tariff to the people, but only the amount of duty collected directly upon imports. In addition to this direct customs tax, however, the consumer has an additional and indirect tax to pay, as a result of the duty, which may be shown as follows. We will say that an importer brings in \$1,000 worth of goods, upon which he pays 30 per cent duty, or a total of \$300. The goods therefore cost the importer \$1,300, and in turning over the merchandise he must allow for a margin of profit on the amount of the duty as well as upon the original price of the goods. The importer sells to a retail dealer at an advance of say 20 per cent., and the retailer in turn sells to the consumer at an advance of say 30 per cent. Altogether, therefore, the \$300 original tax which is paid by the importer and goes to the government, is increased to a tax of \$468 to the consumer. Sometimes goods may pass through three or more hands before they reach the consumer, the tax being increased each time, though of course the percentage added to cost is much smaller on many classes of goods than we have allowed for in the calculation above.

This is not an argument particularly against the principle of protection, for a duty imposed solely for revenue purposes shows exactly the same result, so far as importations are concerned. But a duty imposed for protection may also increase the tax upon the consumer to a greater extent than is shown by the customs returns to the government. Where home manufacturers take advantage of the duty to increase the price of their wares, the consumer pays a tax as a result of the duty, though the customs returns would not show that any such tax was paid by the people. When therefore Mr. Foster shows that the average rate of customs taxation paid by the people of Canada

has been 19 per cent upon all goods imported, dutiable and free, he only shows that portion of the tax which has gone into the national treasury direct. It would be interesting to know what the actual cost of the tariff is to the people, but of course no statistics are available for this. A customs tax placed upon raw material is liable to increase the actual tax paid by the consumer in greater proportion than a tax placed upon manufactures, for the reason that the latter class of goods are likely to go more directly to the consumer. Raw materials pass through more hands as a rule before they reach the consumer, and the tax is consequently more liable to increase before the goods are finally disposed of. Raw materials should therefore be as free from tariff taxation as circumstances will permit of. Direct taxation, as a means of raising revenue, if equitably distributed, would appear to be preferable to tariff taxation, from the reasons shown above. In a system of direct taxation the total tax would go to the government, whereas under the customs tariff system only a portion of the tax paid by the people reaches the national treasury.

Comparing our tariff with the United States, Mr. Foster went on to show that while the average duty collected in this country on dutiable goods had never exceeded 31 per cent., the collections of duty in the United States since 1869 had never been less than 43 per cent., and had gone as high as 50 per cent., while the average yearly rate of duty collected in that country for the twenty four years had been 45.69 per cent. Taking dutiable and free goods, the average yearly rate of duty collected in the United States had been 27.59 per cent. from 1879 to 1893, as compared with 19 per cent. for Canada.

DISPOSING OF INSOLVENT ESTATES.

A couple of weeks ago The Commercial noted the fact that the Winnipeg jobbers were formulating a plan whereby the slaughter sale of bankrupt stocks would be obviated. The plan has now been inaugurated. The large wholesale warehouse on Princess street, lately occupied by J. W. Peck & Co., has been secured, and bankrupt stocks will be brought here from different parts of the country, for disposal to the trade. It is the intention to hold trade sales by auction twice a month, when goods will be disposed of in lots to suit purchasers. The warehouse will also be open on all regular business days for the disposal of goods at private sale. S. A. D. Bertrand, official assignee, is in charge of the enterprise, which is a sufficient guarantee that the business will be managed to the very best advantage. About \$40,000 worth of goods are now on hand, consisting of the following bankrupt stocks:—Maulson's of Moosomin, Bower & Co. of Brandon, Hemenway's of Carman, and Calendar's of Hartney. A number of retail merchants have already visited the warehouse and made purchases from the stock, and the manager expects that there will be no difficulty in disposing of the bankrupt stocks in this way.

It is not the intention to at once bring all bankrupt stocks to this warehouse. The

stocks will first be offered for sale as they stand; but no stocks will be sacrificed. If a good price is not secured for a stock, then it will be brought to the warehouse and sold to the trade in the interest of the creditors. When a good round price can be secured for a bankrupt stock as it stands, such as will prevent a great slaughter sale, it will be allowed to go, though eventually it may be decided to bring all stocks to Winnipeg, before offering them for sale en bloc. This will depend upon the success of the enterprise.

If this plan of disposing of bankrupt stocks proves successful, as there is every reason to believe it will, it will certainly be a great advantage to the retail dealers throughout the country who are endeavoring to pay 100 cents in the the dollar. The prevention of these demoralizing slaughter sales of bankrupt stocks, is something which is well worth striving for. The movement is in the interest of the retail trade generally, and its success will depend upon the support received from the retail trade. The plan will also tend to greatly reduce that most demoralizing custom of making compromises with delinquent debtors. Creditors sometimes compromise with a debtor to prevent the sacrifice of the stock. As this plan of disposing of bankrupt stocks is intended specially to guard against the sacrifice of stocks, the incentive to make compromises will be greatly reduced. There is reason to believe that several assignments have been made by retailers under the belief that they would be able to get back their stock on a compromise basis at a great reduction of their liabilities. This dishonorable condition is an evil which has grown out of the custom of making compromises. When it is understood that the jobbers have set themselves firmly against compromises, and that no compromises will be made except under extraordinary circumstances, there will perhaps be fewer assignments.

WHEAT IN THE FAR NORTH.

How far north wheat can be grown on this continent—that is, in Canada—is still a matter of doubt. The present limit of settlement is practically the North Saskatchewan river, or say as far as the fifty-fourth parallel of latitude. In this North Saskatchewan country there appears to be no more climatic difficulties to contend with in growing wheat than are encountered in Manitoba, 300 miles further south. Wheat has been successfully grown, however, 300 miles north of the North Saskatchewan, or a total of 600 miles north of the famous wheat country of southern Manitoba. A news item has recently been published which directs attention to the fact that wheat is grown several hundred miles north of the present limit of settlement. Last week the plant for a small flour mill arrived at Edmonton, in Alberta territory, which it is intended to take 300 miles north of Edmonton, for the purpose of establishing a mill at the Indian mission station of Fort Vermillion. The plant will be hauled in wagons across the country from Edmonton to the Athabaska river, and thence down the river to Fort Vermillion when navigation opens. Vermillion is about 350 miles north of