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The Canadian Monetary Times.

FRIDAY, MARCH 18, 1870.

WHISKEY, TOBACCO, AND PETROLEUM.

A Blue Book, just out, supplies valuable information respecting our bonded manufactories. Two important industries—commercially speaking—the distillation of spirits and the production of malt liquor, are flourishing hereabouts, if the revenue returns tell a true tale. Toronto produced 40 per cent. of all the spirits manufactured in the Dominion in 1868–69, earning for it the title, which has been facetiously applied, "the spiritual centre of Canada." A total duty of over nine hundred thousand dollars accrued to the revenue on spirits manufactured in this city, or at the rate of *three thousand dollars per day* for each working day in the year. The Provinces, other than Ontario, do not distil spirits; they derive their supplies, since Confederation, chiefly from Toronto and the west. The Lower Provinces do not consume more than a small fraction of the quantity of distilled spirits, per head, that is, required for Ontario and Quebec; rum, imported from the West Indies, at low cost, is largely used, and malt liquor is produced to a moderate extent.

Toronto produced one and a quarter million gallons of malt liquor in 1869, and the whole of Ontario over four millions, or a little more than half the entire product of the Dominion. The number of breweries in this Province has fallen from 122 to 107 within a year; this is a result of the legislation of last session, making a change in the mode of levying the duty—a result not to be deprecated. A decrease in the number of breweries has not been accompanied by a decrease in the production of malt liquor, an increase, on the contrary, having taken place. This latter circumstance, taken in connection with a slight decrease in spirits, may be regarded as indicating a gratifying change in the public taste. Nearly 80 per cent of the grain used in distillation is Indian corn, imported from the Western States *free of duty*—a fact which should not be lost sight of in any future readjustment of our tariff. For this purpose, it enters directly into competition with the rye, barley, oats, and wheat produced by our farmers, all of these grains being used to a limited extent in the manufacture of spirits.

Nearly a million of bushels of barley were consumed by the brewers of Ontario, and a half a million by the other Provinces.

In the manufacture of tobacco, Montreal takes the lead, the manufactories of that city having turned out 2,723,925 pounds, or more than half of the whole Canadian product. Toronto produced nearly a third of that quantity, or 850,605 pounds. In the matter of cigars, Toronto is ahead; the makers in this city show a total product of nearly three and a quarter million cigars, against less than two millions in Montreal. There were 5,379,359 pounds of tobacco and 11,628,035 cigars produced in Canada in 1868-9. There were 694,452 pounds of manufactured tobacco (and snuff) imported into Canada, and 10,279,000 cigars, making the total tobacco supply of the Canadian market (less a small quantity exported) 6,073,811 pounds and 21,907,035 cigars. The tobacco manufacture is on the wane; there are only 64 manufactories in Ontario, against 86 last year, and the product shows a corresponding decline. In Quebec, though there are four manufactories less—25 against 29—the product is somewhat greater. It has also increased in Nova Scotia and New Brunswick, though comparatively unimportant.

The official returns indicate a most gratifying improvement in the petroleum trade. From almost nothing the business of refining petroleum has risen to the rank of one of the most important branches of our manufacturing industry. This, as has been frequently explained, arises chiefly from improved methods of refining and deodorizing, by which Canadian oil has been, not only admitted into foreign markets, but well received there. The establishment of an export trade has induced the expenditure of more capital and attracted a solid class of men into the business. In 1868, 251,882 gallons of crude petroleum were used, from which 237,765 gallons of refined oil were produced, giving a duty to the government of $11,888. In 1869, the quantity of crude used was 4,722,872 gallons, giving 2,772,224 gallons of refined oil, and there was collected in duties $104,078. all that is exported, of course, pays no duty. The number of refineries, in Ontario, on the 30th June last, was 47 against 26 at the same date in the previous year. Quebec has but 2 refineries—located in Montreal. The quantity of refined oil produced in the different revenue divisions was, Guelph, 97,054 gals.; Hamilton, 164,707; London, 1,136,932; Paris 93,118; Sarnia, 1,208,620; St. Catherines, 18,003; Toronto, 50,702: Montreal, 3,088.

The present internal revenue duty of 5 cents per gallon, of refined oil is much complained of by the refiners, and strong representations have been made to the government at Ottawa, to have it removed. The imposition of the duty was an error, for which, however, the trade is responsible; but this is not a sound argument against having the error rectified. It is represented on behalf of the refiners that the tax is invidious, no other native industry of like utility being subjected to such an impost. The tax on a barrel of refined oil amounts to $2.20 while the crude material costs but $1.50. In the United States where a duty had been levied, it was removed at the annual sacrifice of $10,000,000 to the revenue. It is shown that the business of refining for exportation involves a large amount of capital which has to be attracted from across the lines, as our people do not care to embark in the business, and that the delay, expense and cumbrous regulations incident to the collection of the duty tends to deter capitalists from establishing refineries. There are in the United States 1,700 wells at work, the annual product of which is estimated at $300,000,000, and it is affirmed the Canadian territory is of such productiveness and value that the oil interest here may become second in importance to agriculture only. It is argued that the apparent loss of $150,000 or $200,000 annual revenue would be largely compensated by the increased duty arising out of collateral trades incident to the refining and export of petroleum. It is complained that the oil business in Canada has been a losing one; that some $3,000,000 of capital have been invested, for which no adequate return has been received.

A very strong case has been made out for the removal of the duty. There is no reason