

logs, the duty on Canadian lumber should be restored to \$2 per thousand feet.

The Canadian saw mill industry is not the only one that has suffered by the unwise removal of the export duty on logs. A very good idea of how these saw mill men have suffered was given by Dr. Spohn in a speech made in the House of Commons, showing that in his district alone hundreds of mills had been shut down and thousands of workmen thrown into idleness, while the logs which should have been worked up into lumber in these mills by these Canadian workmen were being hauled and rafted past these mills and carried to the United States, giving employment to American manufacturing enterprises and to American labour. All these facts, as related by Dr. Spohn, have been shown at length in these pages. Other Canadian manufacturing industries very seriously affected by the removal of the export duty, were the manufacturers of saw mill machinery, saws, leather and rubber belting, etc. It can be easily comprehended that the manufacture into lumber of the vast quantities of logs being carried from Canada to the United States calls for the use of very large values of saw mill machinery and supplies; and that if this work were done in Canada the production of these things would be in Canadian manufacturing establishments, giving employment to Canadian capital and Canadian workmen. We have the works for manufacturing these supplies, and the skilled workmen for operating them, but the unwise policy of the Dominion Government have given them a stunning blow from which they will not recover until the wrong that has been done them has been righted, and an export duty laid upon logs.

But why should the Ontario Government usurp the functions of the Federal authorities in this matter? Heretofore the Conservative party have been exceedingly tenacious of any invasion of federal right by provincial governments, and there does not appear to be any necessity for anything of the sort now. Mr. Mowat, in our opinion, has no more authority to require that Ontario logs shall be manufactured into lumber in Ontario than to require that the lumber shall be manufactured into furniture before being exported. To do so would be an interference with the flow of trade, entirely beyond the purposes for which the provincial government was created. It is equally clear that the Dominion Government have the right to thus interfere, and that if the interference should be imposed it should be from Ottawa.

By all means let the Dominion Government impose the export duty on logs. The Ottawa lumbermen will probably argue that if this is done the American duty will be increased to \$2 per thousand feet, and that this additional sum will have to be paid out of their pockets. We do not think that such would be the case. A great deal of the Canadian lumber that goes to Boston and New York is exported from these ports, the American merchants acting as middlemen, in receiving from Canada and shipping to the West Indies and South America, in bond. If the lumber is not all shipped in bond, but a portion of it is consumed in the United States, the domestic supply of that country being now so reduced, the consumers would certainly have to pay the increased duty, while the Canadian export duty would greatly benefit many Canadian manufacturing industries.

If, as we have shown, the American consumers would have to

pay the increased American duty, the Dominion Government should not hesitate to not only impose the export duty, but it should be made at least \$3 per thousand feet. The American duty cannot be any higher than \$2; and if our export duty were placed at \$3, the result would be that about all the logs cut in Canada for the American market, would be manufactured into lumber in Canada. This would be a bitter pill to American millmen, but it would force them to migrate to Canada and carry on their operations here, and that is just what should be done.

Impose the export duty, and make it \$3 per thousand feet.

COAL OIL AND THE DUTY.

DURING the fiscal year 1891 the imports of refined oil into Canada, chiefly from the United States, aggregated in round numbers 5,000,000 Imperial gallons valued at \$500,000, upon which \$365,000 duty was paid. This oil was contained in 120,000 barrels valued at \$182,000, upon which \$48,000 duty was paid. The duty on oil is $7\frac{1}{2}$ cents per Imperial gallon, the equivalent of about 6 cents per Standard gallon; the duty on barrels being 40 cents each. The law requires that all imported oil shall come in in barrels; and it cannot be imported in tanks. These imported barrels were probably worth no more in Canada than the duty paid upon them—40 cents each—but their first cost, \$182,000, should be charged to the oil contained in them, thus making the first cost of the oil \$682,000. Then the duty should be also added to the cost, the result being that the 5,000,000 gallons of oil imported cost the importer more than \$1,000,000, or more than 20 cents per gallon, the first cost in the United States being only 10 cents per gallon. Of course this is independent of freight charges, etc. It is supposed that the duty upon barrels was laid in the interest of the coopers.

Considering the length of time the Canadian coal oil industry has been under the protection of the tariff, it should by this time have reached a development which would give it the entire possession of the home market; and seeing from the above facts that in spite of a tariff which amounts to more than a hundred per cent. of the first cost, it may be well to enquire—first, if the duty is high enough, and second, if it is too high.

According to the ethics of protection, the National Policy was intended to apply to manufacturing industries where there was a probability that within a reasonable time these industries would become developed to an extent where the demands of the home market would be supplied by them, and at reasonably low prices. If experience showed that the prevailing duty was not sufficient to effect this, but that it might be accomplished under a higher duty, then the higher duty should be imposed. But if it is found that the duty is sufficiently high, and that the development from any cause is not probable or possible, then the duty is clearly not for protection, but for revenue only. If this is the case—if it is a fact that a high duty will not develop the industries, and that it is not desirable to obtain revenue in that particular manner, then it is clear that the duty should be modified or removed to meet the emergency. It might be unfortunate for the investors but better for the whole country.