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The Journal of Commerce

FINANCE AND INSURANCE REVIEW.

MONTREAL, MAY 9, 1870.

**THE MANUFACTURERS AND THE
TARIFF.**

It would be strange indeed if the new tariff gave universal satisfaction even to those who clamored most loudly for protection to native industries, and we are therefore not surprised to find in the columns of the *Globe* specific complaints as to its practical effect. If we examine these complaints, and point out to what extent they are unfounded, it must not be imagined that we believe that the tariff is by no means free from defects. It would be simply impossible to frame any scheme for raising a large revenue by duties on imported goods that would not be open to objection of some kind. The tariff must be defended on the ground that the deliberate verdict of the people was given in favor of the protection of the

manufacturing, mining and agricultural industries of the country from outside competition, and that the new scheme of taxation is in accordance with that verdict.

We have repeatedly pointed out that there is no ground whatever for the anticipation that we are about to enter suddenly on a career of prosperity, and that the depression which has so long prevailed will cease to exist. It is not pretended that our lumber, agricultural, fishing or shipbuilding interests will benefit by the tariff, and it is at least doubtful how far it is wise to stimulate the increased production of manufactures at a time when the principal nations of the world are suffering severely from the effects of over-productions caused by an inflation of prices, owing to an abnormal demand for various manufactures, and especially those of iron.

The complaints which we have found in the *Globe*, and which seem to us deserving of criticism, proceed from manufacturers, the very class for whose special benefit the tariff is said to have been framed. We shall proceed to notice them, and shall place them before our readers as stated by themselves. A carpet manufacturing firm at Guelph writes to Mr. Guthrie, M.P., as follows:—

We are engaged in the manufacture of two-ply ingrain carpets of two kinds, viz., all-wool carpets and union carpets, which latter is a mixture of wool and cotton. With regard to all-wool goods, we have nothing to complain of, except that Brussels and tapestry carpets are allowed to come in at 20 per cent., which will in a great measure replace all-wool ingrain carpets. The cheap union goods are what we are principally engaged in manufacturing at present, and are almost the only kind there is any demand for in the market. It is in the manufacture of these goods that the tariff is seriously against us. All the warp used is cotton, and the weft both woollen and cotton. The woollen yarn used is a cheap quality which costs 6 cents per pound at the place of manufacture, and the duty added, which is $7\frac{1}{2}$ cents per lb., and 20 per cent. *ad valorem*, amounts to 125 per cent. on the cost, while union carpets are admitted at 5 cents per yard—they weigh about 1 lb. per yard—and 20 per cent. *ad valorem* additional. The woollen yarn we use is not made in the country, and we don't think there is sufficient consumption of the article to warrant any one putting up machinery for its manufacture at present. We have struggled for six years against the American cheap goods, and we are greatly disappointed at our position being made worse by the new tariff, instead of a little better, as we expected.

Our first remark is, that as regards one of the two branches of business in which the manufacturer is engaged, he admits that he has no ground of complaint,

"except that Brussels and tapestry goods are allowed to come in at 20 per cent. which will in a great measure replace all-wool ingrain carpets." Now it would be desirable to learn from the manufacturer the meaning of the word "replace." The old duty was $17\frac{1}{2}$ per cent. on the Brussels or tapestry carpets, and our manufacturer made no complaint, but he would have us believe that the effect of increasing the duty on the imported article will be to cause it to replace an article which successfully competed with it at a lower duty.

So far then as regards one branch of the manufacturer's business, we submit that he has not made good his complaint. But the cheap union goods are what he is principally engaged in manufacturing, and the only kind for which there is a demand, and it is in the manufacture of these goods that the tariff is seriously against us. We confess that we are not sufficiently an expert in these cheap union carpets to be able to judge whether the complaint is well founded. We are informed that all the warp used is cotton, and the weft both woollen and cotton. It is alleged that the duty per lb. presses heavily upon cheap woollen yarns, but there is nothing in the statement to enlighten us as to the weight of woollen yarn used in the manufacture of these union goods, nor is the price per yard of the imported article given. We are told that a yard of the union carpets weighs about 1 lb., but unless the weight of woollen yarn in that yard, is stated, we cannot judge as to the effect of the duty. The tariff is complicated enough as it is, and it would be simply impossible to place different rates of duty on different qualities of woollen yarn. We cannot affirm that we are much impressed with this manufacturer's complaint, but if well founded it only proves that in the particular article under consideration, the "American cheap goods" will still be imported with considerable advantage to the revenue.

The next complaint is from a foundryman, also in Guelph, who states his grievance as follows:

The raw material I use in my business, coal, pig iron, bar iron, zinc, copper, lead, &c., is subjected to increased duties, and I am compelled either to advance the price of my manufactured goods, or reduce my men's wages, or lose the difference myself, which I am not prepared to do. The prices of the raw material have advanced from 10 to 15 per cent. I am therefore compelled to charge the increase to the consumer, and if that fails I shall be compelled to give up business, as I shall not reduce my wages to cover the increase as others are doing. Allow me to say the protection given on my manufactured goods is useless, as it was not required.