

# OUR OTTAWA LETTER.

## DARE NOT CONDEMN THE TARIFF, BUT DO NOT LIKE TO PRAISE IT.

**What Has Been Done for the Farmer—A  
Case in Point—The Exigencies of Revenue—The Abolition of the Corn Duty—  
The Offer of Minimum Duties.**

[From Our Own Correspondent.]

Ottawa, May 4.—The Tory brethren do not quite know what to do about the new tariff. They cannot in logic condemn the Government for not making a clean sweep of the N. P. They cannot in loyalty condemn it for reducing the duties on British exports. All they can do is to tell the farmer that the Liberals have not at any rate given him free trade at one fell swoop. To this the farmer answers: "That may be true. But what have I to gain by putting them out and putting you back?"

**What Has Been Done for the Farmer.**

The farmer has got a good deal after all. The coal duty is lowered one cent, which, with the tanking arrangement, that amounts to a reduction of one and a half more, is not bad. The duties on woven goods of the coarser sort are largely reduced. Barbed wire and binding twine are made free. Wagons, buggies, the smaller implements, iron and steel generally and other articles are reduced in duty, while the duty on a still larger variety of goods will be cut by the preferential duties offered to Britain; and, last but not least, the Government has taken power to deal summarily with combines. This is not so bad for a beginning. In England fifteen years elapsed from the practical abolition of the Corn Laws in 1846 till the tariff was placed on a purely revenue basis. Let the Liberals have a chance and in five years they will leave nothing in the tariff that should not be there, regard being had to the fact that we have to raise a revenue of \$40,000,000 per annum by means other than direct taxation.

The reductions made by Mr. Fielding have been made at a time when it is no easy thing to reduce. He is a free trader at heart and would, if he could, place the country on that basis without delay. But as a prudent man he has to take existing conditions into account. Times are hard. Many of the protected industries are carried by the banks, and to wipe out their protection would be to force them into bankruptcy and cause grave disturbance in the financial world. Again, another set of industries, while able to stand a considerable reduction under ordinary conditions, would not be able to live under it just now when the American manufacturer is "slaughtering" his surplus stock on every market to which he can obtain access.

**A Case in Point.**

Take, for instance, spirits. To buy a certain quantity of corn, barley, oats and rye and convert it into a gallon of proof spirits costs the Canadian distiller 30 cents. This is the bare cost of that particular process. But in order to arrive at the true cost, the actual cost to the distillery, we have to add a good many items, such as the enormous expense entailed by the ageing law, which obliges them to keep the stuff in bond two years before disposing of it, interest on plant, including the huge storehouses built expressly to meet the requirements of the ageing law, and interest on capital at 10 per cent, which, allowing for profit and loss, is a moderate return. This brings the cost of a gallon of proof up to 60 cents.

The American distiller can make it for less. First of all, he uses corn almost entirely and pays only 15 or 20 cents per bushel for it. Our distillers have to pay 7½ cents in duty alone besides cost of transportation from the United States. There the distiller gets his coal for 75 cents per ton; here the duty alone is 60 cents. Then the American distiller has no ageing law to trouble him; he can sell the spirits hot from the still and turn his working capital over two or three times a year, whereas the Canadian distiller cannot turn his over more than once in two, really as it works out, not more than once in three years.

It happens that there is an unusually large accumulation of spirits in the States. The output in the census year exceeded 100,000,000 gallons. There are probably 150,000,000 now in stock, and as the old Whiskey Trust has broken down and a new Trust is being organized, comprising something like 25 or 30 distilleries, big and little, this stock is being sold for export in large lots for as low as 10 cents per proof gallon, Canadian measure. I speak of this case not to boost the Canadian distiller but merely to illustrate my point, that the Finance Minister was bound, if he wished to be fair, to take note of the exceptional circumstances now prevailing in the United States, where hard times and reduced consumption have led to the accumulation of an immense surplus of goods that might be thrown into Canada below cost, to the benefit for the time being of the Canadian consumer. It is true, but also to the certain destruction of Canadian industries. In the case of spirits the customs duty had to be advanced to keep step with the increase in the excise duty. It is now \$2.40 per proof gallon. That is to say the American distilleries can sell their surplus here for \$2.50. The excise duty is \$1.90, manufacturer's cost 60, leaving our distilleries without any margin of protection at all. They may be able to stand it. It is quite certain, however, that very few industries in this country could live under a like state of things. The Americans would merely have to drop a notch or two to wipe them out and acquire control of our market.

**The Exigencies of Revenue.**

In 1888 when the Democrats, having control of the House of Representatives, undertook to reduce the tariff by the Mills bill, times were good, or at any rate better than now, yet, relatively speaking, that measure did not go as far in the direction of freer trade as Mr. Fielding proposes to go. Nor was the Wilson bill of 1894, as it passed the Democratic House, before it was tortured to death by the Senate, as drastic, taking it all round, as Mr. Fielding's resolutions. An important point to be remembered in this controversy is that we have to raise \$40,000,000 annually. The expenditure per head is larger in Canada than in the States, even with their huge pension bill, partly because our debt with the interest account has gone up like a rocket since 1878 while theirs has been coming down, partly because, as every one knows, we contribute a large sum every year to the provinces in the form of subsidies, while with them the individual States have to pay their own way, and partly because in our vast and thinly peopled country it costs more in proportion to collect the revenue.

Direct taxation would be the cheapest way of raising this sum, but it is out of the question. In England they raise a large amount of revenue on tea, coffee,

chicory, etc., and by a heavy excise tax on spirits and tobacco with a counter-vailing customs duty. We are debarred by our proximity to the United States from putting too big a premium on smuggling; thus an excise duty of ten and sixpence per proof gallon, the English figure, would probably add nothing to our revenue over and above what is now obtained from the duty of \$1.90, because of the illicit traffic it would be sure to create. England also levies taxes on the conveyance of railroad passengers, gun and game taxes, taxes on servants and carriages, on plate, etc., with estate, probate, legacy and succession duties, inhabited house duties, and, last but not least, the income tax whose five schedules yield twice \$40,000,000 annually. It is obvious that we cannot follow her example in this respect. The conditions of life are totally different here. For the present at least we must look mainly to customs duties.

Formerly we had a general rate of 17½ per cent. Eighteen years of Tory rule have increased debt and expenditure enormously and in the nature of things the rate has to be advanced. If we keep this in mind we shall be able to see more clearly that all the duties in the new tariff are not, as some extremists say, protection duties. The duty of 20 per cent. on implements, for example, is as much a revenue duty to-day as the duty of 17½ per cent. was in 1878. Those who insist that Mr. Fielding should have given us a free trade tariff ought to tell us how they would raise \$40,000,000 a year without resorting to customs duties.

**The Abolition of the Corn Duty.**

The Tories find fault with the removal of the duty on corn when imported by the farmer. The Patron handbook issued for the elections said on this point: "The cattle-raising and dairy industries, of so much importance to the country, require cheap feed above everything. It is their essential raw material. Corn is relatively the best and most economical of feed. Because we suffer along with the American consumer from the United States tax on our barley, it is of advantage that we should suffer still more by taxing their cheap corn—such is the logic of protection."

"The freeing of corn," cries The Mail and Empire, "is an immense boon to the United States corn-grower," for "when corn was free before we took over four millions of bushels annually for home consumption." The crop in the States in any propitious year amounts to over two thousand million bushels, so that if with corn free again we should use twice four million or even ten times four million the gain to the American grower will scarcely be "immense" enough to make him rich. It will be profitable, as the Patrons said, to the Canadian cattle and dairy interests, and that is what Mr. Fielding has in view. The same journal tries to make the farmers believe that they will lose by the reduction of the duties on wheat and flour. The theory is that the old duties increased the price in Canada and kept out American wheat and flour, which, although enjoying the benefit of still higher protection, were dirt cheap. Contrariwise, the American protectionist argued that the American duties increased the price in the States and kept out Canadian stuff which in spite of the N. P. was dirt cheap. "If," said the Patron handbook, "there were two yellow-wagon doctors at a fair vending the same lightning oil and if each declared it to be a humbug in the hands of the other, we should have little difficulty in concluding that both were quacks."

**The Offer of Minimum Duties.**

The Tories are greatly alarmed at the prospect of our having to admit German and Belgian exports at the same rate as British in consequence of their favored-nation arrangement with Britain and ourselves. They had better not bid this bogey man good morning till they meet him. Since Mr. Fielding submitted his resolutions British goods have been admitted at minimum rates but Belgian and German have not. Whether they are going to be admitted at the minimum is a question to be determined by time and events.

One thing seems to be admitted by the younger Tories, who are Canadians rather than worshippers of the status quo, namely, that it is time for Canada to assume her commercial independence—to become sufficiently independent at any rate to entitle her to grant tariff concessions to the Mother Country, if she wants to, without reference to imperial entanglements with Old World nations. I have no idea what England is likely to say or do about the offer contained in the new tariff. But if the offer has the effect of calling attention to the disability under which we labor in being unable to frame the Canadian tariff as we think best because of those or similar entanglements, it will have served a good purpose even if nothing else is accomplished.

Tupper seems disposed to insist that we should not grant concessions to England till she gives us preferential treatment in her market, that is, till she reverts to the policy, abandoned with the Corn Laws, of taxing foreign grain and other products and letting colonial in free or at lower rate. If we wait till that is done, we shall have to wait till the millennium or the day after. Tupper is perhaps the only sane man in the Empire, except Colonel G. T. Denison, of Toronto, who believes that England could afford once again to tax the food of her people for the benefit of the British landlord and the colonial wheat-grower; and what he and Col. Denison think is of little consequence in view of the consensus of opinion among English statesmen, Tories as well as Liberals, that the thing is utterly impossible. What we in Canada want is freer trade, cheaper factory goods, a larger export trade; and as good a way as any to get them is to make the offer Mr. Fielding has inserted in the new tariff, which, on the principle of do ut des, I give as thou givest, admits at reduced rates the exports of countries that do the fair thing by ours.

The preliminary spouting on the tariff closed last week and a couple of weeks should suffice to put it through committee. Mr. Laurier is due in England in June, and Parliament will be through, it is thought, in a month more. He will get a warm reception from Englishmen, a warmer one by a long sight than would be accorded if he went with the project of the Denisons and Tappers for re-establishing the small loaf in the home of the British artisan.

GATINEAU.

**He Took the Hint.**

"Can you play 'The Maiden's Prayer'?" he asked.

"Why, yes, I can," she replied wearily, "but what's the use? You probably would not answer it."

Then it was that after a few moments of deep thought he decided that he never would have a better opportunity to propose.—Chicago Post.

**The True Test.**

Bea—You could hardly call her a social success.

Jess—Why, she seems to have plenty of admirers.

Bea—Oh, yes, if you look at it that way, but I don't believe she's on friendly terms with a single man she ever rejected.

**Suitable For a Boy.**

Lady Shopper—I want to get something suitable for a boy of 10 years.

Salesman—Slipper counters down the second aisle; turn to your right?—Boston Transcript.