

Paragraph No. 13 of the said memorandum contains the following statement:—

“We should not expect to find any material effect exerted by the preferential tariff in the case of heavy and bulky goods in which freight bears a high proportion of total value, and it is precisely in these classes of goods in which the main increase of Canadian imports has recently taken place. It is also in these classes of goods—*e.g.*, coal, grain, raw cotton, timber, iron, and steel, and heavy manufactures thereof, such as bridges, girders, rails, engines, &c., that the United States, by geographical contiguity, as well as by wealth of natural resources, is to a large extent beyond reach of any competition from the United Kingdom in the Canadian market, even if aided by a much greater preference than that now accorded.”

Paragraph 14 gives a statement of the imports of such articles from the United States and other sources. The articles stated are, metals and manufactures thereof, coal and coke, grain and breadstuffs, meat, dairy-produce, and fruit, wood and manufactures thereof, raw cotton.

If we eliminate the dutiable imports of these articles in which it is admitted that Great Britain cannot compete in the Canadian market, even if aided by a much greater preference than that now accorded, and compare the progress of trade in the balance of dutiable imports, it will be found that the preference has been of substantial advantage to Great Britain.

The following statement shows the net dutiable importations for consumption, after deducting these articles.

1901.	1897.	1893.
TOTAL FROM ALL COUNTRIES.		
\$70,849,785	\$48,133,701	\$47,772,916
Increase, 1897 to 1901... 22,716,084	Increase, 1893 to 1897... 360,785	
Rate of increase, 47 per cent.	Rate of increase, 1 per cent.	
FROM GREAT BRITAIN.		
\$28,052,385	\$17,603,948	\$26,559,888
Increase, 1897 to 1901... 10,448,437	Decrease, 1893 to 1897... 8,955,940	
Rate of increase, 59 per cent.	Rate of decrease, 33 per cent.	
FROM UNITED STATES.		
\$24,493,414	\$16,378,627	\$13,406,351
Increase, 1897 to 1901... 8,114,787	Increase, 1893 to 1897... 2,972,276	
Rate of increase, 49 per cent.	Rate of increase, 22 per cent.	
FROM OTHER COUNTRIES.		
\$18,303,986	\$14,151,126	\$7,806,677
Increase, 1897 to 1901... 4,152,860	Increase, 1893 to 1897... 6,344,449	
Rate of increase, 29 per cent.	Rate of increase, 81 per cent.	

These figures are instructive. Briefly stated they show, first, that between 1893 and 1897 the imports from Great Britain declined by 33 per cent., as compared with an increase of 22 per cent. from the United States, and an increase of 81 per cent. from other countries. But a change took place during the following four-year period when the preference was in operation. During that time British imports increased 59 per cent., United States 49 per cent., and other countries 29 per cent. The increase in the total from all countries was at the rate of 47 per cent.

RATES OF DUTY.

In paragraph 15 of the said Colonial Office memorandum it is stated that “the Canadian tariff, as a rule, discourages the importation of manufactured goods more than that of raw materials. Although, therefore, British goods enjoy a preference compared with the same goods imported from other countries, the average *ad valorem* rate of duty on British imports, taken as a whole, is still higher than the average duty levied on all imports, and much higher than the average duty levied on imports from the United States.” These rates (eliminating coin and bullion) were for 1901:—

All imports	16·35 per cent.
Great Britain, all imports	18·32 ”
United States	12·42 ”

It must be considered, however, that a very small proportion of the free goods is imported from Great Britain. The imports of free goods from Great Britain last year amounted to only \$11,316,510, whereas from the United States they were \$56,884,730.

The policy of the Canadian Government is (and the necessities of the country require it) to admit free of duty, as far as possible, raw materials for the manufacturing industries, and necessities for agricultural, mining, fishing, and other great industries. These raw materials and necessities are largely produced in the United States. Many lines are not produced in Great Britain at all, and many others cannot be obtained by Canadians there to advantage. Great Britain cannot hope to compete in the Canadian market to any appreciable extent in the raw materials we require. It should be observed at this point that the free list of the Canadian tariff is open to all countries. There are no restrictions.

The preference, of course, only applies to dutiable goods, and to ascertain the advantage that has been accorded to British trade the comparison should be made in respect of the rates of duty on dutiable imports. Taking this basis the average rates of duty were as follow:—