

- (iii.) A detailed statement showing for each of the five years 1896–97 to 1900–1 the value of the principal articles imported into Canada from the United Kingdom, United States, and each of the other principal countries.
- (iv.) A summary statement showing for the same five years the value of exports from Canada of the principal *classes* of goods to the United Kingdom, the United States, and other countries respectively.
- (v.) A statement showing the rates of duty leviable, under the Canadian general and preferential tariffs respectively, on the principal articles imported into Canada from the United Kingdom at the present time.

It should be added that the imports shown in these tables and dealt with in this memorandum are in all cases imports for home consumption.

5. Before discussing the facts shown in these statements it should be observed generally that the period which has elapsed since the first application of the preferential tariff has not been long enough to enable any certain inferences to be drawn as to its effect in encouraging or diverting trade, especially as the period has been an abnormal one, marked by great general revival of trade throughout the world, accompanied by large oscillations of prices of some of the principal articles which figure in the Canadian import and export tables—notably coal, iron and steel, and corn. There has also been a rapid growth of gold-production in the north-west of Canada (practically the whole of which, so far as it is exported, goes to the United States).

Disturbing influences such as these very greatly impair the validity of direct comparisons between the growth of the value of the trade of Canada with different countries in the period under review, and it is important that due allowance should be made for them in drawing inferences from the figures.

6. It is to be noted in the first place that a comparison, either between total values or rates of growth of the Canadian imports subject to the lower and higher tariffs respectively, or of the imports derived from the United Kingdom and foreign countries, fails to disclose any marked effect of the preferential tariff in stimulating trade between the British Empire and Canada.

7. Thus the total annual imports into Canada have grown roughly by fourteen and a half millions in the five years 1896–97 to 1900–1. Of this total growth six and a quarter millions are accounted for by goods still subject to the general tariff (*i.e.*, goods from countries not entitled to preferential treatment, or of a class excluded from the benefit of that tariff), and six and a quarter millions by free goods; while goods admitted under the preferential tariff* have grown by two millions sterling.

8. Nor are the conclusions altered if we consider the *rate* rather than the total of increase.

Thus imports of all kinds have increased by over 62 per cent. in value, “general tariff” goods by about 62 per cent., free goods 67 per cent., and “preferential tariff goods” under 55 per cent.

9. If in place of comparing these three classes of imports we compare the growth of imports from the British Empire with that of imports from foreign countries, we find that the former have increased by three millions and the latter by eleven millions, the rates of growth being 48 per cent. and 69 per cent. respectively.

The imports from the United Kingdom only have increased about two and three-quarter millions sterling (or 46 per cent.), while those from British possessions have risen by £323,000 or 70 per cent.; the total volume of trade, however, in the latter case being comparatively small.

10. Finally, if we dissect the increase in imports from the United Kingdom, we find that about £700,000 is accounted for by the increase of imports still subject to the general tariff; £436,000 represents the increase of free goods; while the increase of imports of goods affected by the preferential tariff is rather more than one and a half millions. (Of the increase of goods subject to the general tariff a small proportion is accounted for by British spirits, tobacco, and drugs, but the great bulk by indirect imports of goods other than United Kingdom produce.)

11. We may look at the figures in another way—*i.e.*, by comparing the percentages of the total import trade of Canada which came from the United Kingdom before and after the introduction of the preferential tariff respectively. The result is to show that the continuous decrease which has been taking place in recent years in the proportion of imports from the United Kingdom into Canada has not been arrested by the operation of the tariff. The percentage proportion in the year 1900–1 (during which the preference of one-third was in force) was 23½. In the three preceding years, 1897–98 to 1899–1900 (during which there was a preference of one-eighth to 30th June, 1898, then one-fourth), the percentage was 24½. The decline in previous successive triennial periods is shown in the following table:—

Years ending 30th June—		Percentage of Canadian Imports from the United Kingdom.
1886–88	Before	40½
1889–91	Preferential	38
1892–94	Tariff.	35
1895–97		28½
1898–1900	...	24½
1901	...	23½

12. The above figures show that any reasoning founded on an examination of the total values of goods of all classes, whether raw or manufactured, heavy or light, imported into Canada is likely to lead to the conclusion that the preferential tariff has had little or no effect in encouraging

* *i.e.* (for 1896–97), goods to which the British preferential tariff subsequently applied.