

Year.				All Dutiable Imports.	Great Britain, Dutiable Imports.	United States, Dutiable Imports.
				Per Cent.	Per Cent.	Per Cent.
1897	...	...	...	29.96	30.69	26.72
1901	...	...	...	27.42	24.74	24.83

Probably a fairer way to make the comparisons would be to eliminate narcotics and stimulants, upon which there are very high duties for revenue, not protective, purposes, and to which the preference does not apply. These articles form the main sources of revenue in nearly all countries.

Deducting these lines, the average rates of duty were as follow :—

Year.				All Imports.	Great Britain.	United States.
				Per Cent.	Per Cent.	Per Cent.
1897	...	...	...	26.57	27.65	26.53
1901	...	...	...	24.15	21.05	24.59

The rate under the preferential tariff on goods from Great Britain, in 1901, was 19.40.

It is practically admitted in the Colonial Office memorandum that the preference has, at any rate, arrested the decline in the imports of textiles from Great Britain; but it is argued that the Canadian tariff is still highly protectionist as regards these classes of goods, the result being seen in the small and diminishing consumption per head of British textiles by the Canadian population. It is also stated that the consumption of these classes of goods is much higher in other British colonies than in Canada.

In reply to these observations it may be stated that the textile industries, particularly woollens and cottons, are very well established in Canada, and made rapid strides in the last decade. The manufacturers naturally expect a share of the home market, and as their establishments develop they correspondingly look for a larger share. However, under the operation of the preference the rates of duty were very materially reduced, and the British manufacturer has, therefore, been placed in a much better position to compete in the Canadian market. For instance, the average rate on dutiable woollens under the tariff prior to 1897 was 32 per cent., and on cottons 29 per cent. In 1901 under the preference the average rates were—woollens 23 per cent., cottons, 20 per cent. It is submitted that the preferential rates on textiles are not too high to shut out reasonable competition with the Canadian manufacturer.

The trade statistics show that the imports from Great Britain of textiles, including woollens, silks, cottons, flax, hemp and jute, carpets, curtains, oil-cloth, embroideries, and crape, decreased by 36 per cent. from 1893 to 1897, while during the same period they increased from other countries by 20 per cent. However, in the four years from 1897 to 1901, under the preference, they increased by 57 per cent. from Great Britain, and by 55 per cent. from other countries. Attached hereto, marked C, is a table showing the importations of textiles for the years stated.

In 1897 the British imports into Canada of dutiable cottons amounted to 66 per cent. of the total; in 1901 the proportion had increased to 70 per cent. If we take woollens the proportion in 1897 was 78 per cent., and in 1901 it was 81 per cent.

In this connection it might be noted that the Canadian Government has been attacked by Canadian manufacturers on the ground that the preference is seriously interfering with their trade. The woollen-manufacturers have been foremost in the attack, and they have made very bitter complaints to the effect that the industry is threatened with ruin through the severe competition from Britain brought about by the operation of the preference. In brief, these manufacturers claim that the rates on woollens are too low to be protective of their industry.

Referring to the argument that the consumption of British textiles and British goods generally in Australia and New Zealand is much higher than in Canada, it is submitted that this is largely due to the fact that the manufacturing industries are more highly developed in Canada than in the colonies stated.

On this point it is worthy of special note that the rates of duty on textiles in New Zealand seem to be about as high as the net rates under the preference in Canada. The New Zealand rates vary from 20 per cent. to 25 per cent. *ad valorem*. Under the preference the average rates on woollens last year was 23 per cent., and on cottons 20 per cent.

Referring to the general statement made in paragraph No. 15 of the said Colonial Office memorandum, that Canadian policy remains protectionist in spite of the preference to British goods, it may be stated that the Canadian tariff was framed specially for revenue purposes, with protection as an incident, and that it admits of reasonable British and foreign competition with the domestic manufacturer and producer—it is not in any sense prohibitory. This is evidenced by the facts that the imports of dutiable goods are very large, and that they have increased very considerably in recent years. In 1897 the total dutiable imports were \$66,220,765, whereas in 1901 they amounted to \$105,969,756.

Even the general tariff rates, which are one-third higher than the preferential rates, do not discourage importations, as is seen from the fact that the dutiable imports from countries not entitled to the preference have largely increased. During the fiscal year 1896–7 the dutiable imports from countries not now enjoying the preference amounted to \$44,888,582, and they increased to \$72,558,286 in 1901.