

measure approximating that of the United States, in order to protect domestic industries and to develop the natural resources of the Dominion.

Canada possesses, in an advantageous position, abundance of iron ore, fuel, and all the requisites for the manufacture of iron and steel.

In the steps taken by the Canadian Parliament to foster the manufacture of iron and steel and place the industry on a firm foundation at the outset, Canada is but following the methods adopted by Great Britain, France, Belgium, Germany, the United States, and other countries which have succeeded in promoting this great industry.

Whatever be the causes at work, and however disagreeable be the fact to the British manufacturer, it is undeniable that foreign wares are gradually but steadily displacing many British manufactures of iron and steel in the Canadian market.

In this competition it is notable that the highly "protective" country of the United States is the most formidable competitor in machinery, hardware, and articles made by skilled labour.

A memorandum is submitted herewith marked A. showing the course of the trade of Canada in iron and steel and manufactures thereof as respects Great Britain and the United States, proving the rapidity with which the United States have overtaken and passed Great Britain in competition for Canadian trade. This statement shows that while in 1868 the trade of the two countries with Canada in four classes comprising the higher forms of iron and steel goods requiring skilled labour was in the proportion of 58 per cent. by Great Britain and 42 per cent. by the United States, that trade has since become so revolutionised that during ten years (from 1877 to 1886 both inclusive) the proportion has been 70 per cent. for the United States and 30 per cent. for Great Britain.

Under these conditions, the pertinent question to be considered is this: How shall Canada overcome the increasing dependence on *foreign sources* for her enormous annual requirements of iron and steel?

Considering the magnitude of the interests involved and in view of Canada's rich and varied mineral resources, the effort to develop domestic production cannot be fairly characterised as an attack on British industry or opposed to the true interests of the Empire.

In the recent tariff changes the scale of duties adopted has not as a rule exceeded two-thirds of the rates now in force in the United States; and British iron and steel manufactures to the value of millions of dollars annually will be still admitted into Canada *free* or at a low rate of duty.

The following statements of imports into Canada, from the Trade Returns for the fiscal years ending 30th June 1881 and 1886, indicate the course and extent of the iron and steel trade with Canada at two periods five years apart, and speak for themselves:—

Particulars.	Percentage.	Imports from Britain.	Imports from other Countries.	Total Imports.
		\$	\$	\$
Iron and steel and manufacture thereof imported into Canada for year ending 30th June 1881, viz.:				
Dutiable	55 per cent.	4,682,481	—	} 8,470,594
Do.	45 per cent.	—	3,788,113	
Free of duty	94 per cent.	3,749,510	—	} 3,996,497
Do.	6 per cent.	—	246,987	
Total	—	8,431,991	4,035,100	12,467,091
For year ending 30th June 1886, viz.:		\$	\$	\$
Dutiable	50 per cent.	3,992,711	—	} 7,992,365
Do.	50 per cent.	—	3,999,654	
Free of duty	86 per cent.	2,628,571	—	} 3,047,334
Do.	14 per cent.	—	418,763	
Total	—	6,621,282	4,418,417	11,039,699