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**THE CANADIAN MANUFACTURER**

**Reaches all the Blast Furnaces, Iron and Steel Works, Rolling Mills, Manufacturers of Iron and Wood-working Machinery, Steam Engines and Boilers, Pumping and Mining Machinery, Electric Machinery, Textile, Pulp and Paper Mill Machinery, Water Power Plants, Cement, Sewer Pipe and Terra Cotta Works, Dealers in Steam Fitters' and Plumbers' Supplies, and all Hardware Merchants in Canada.**

**PREFERENTIAL TRADE.**

"I cannot imagine British manufacturers being so stupid as to continue year after year increasing their sales to a customer if they do not find the business profitable. \* \* \* If the seller sells more, and the carrier carries more, and a larger number of seamen find employment under preferential trade, I conclude that there must be a benefit to Great Britain in the preference."—George Johnson, Dominion Statistician.

In the April 1 issue of this journal was published an analysis of the question of preferential trade as between Canada and Great Britain. It was prepared by Mr. George Johnson, Dominion Statistician, at the request of His Grace the Duke of Argyle, who desired a statement showing the effects and operations of the tariff preference. His Grace is deeply interested in what may be known as the Chamberlain movement, now going on in Great Britain; and he thought Mr. Johnson's memo of sufficient importance to publish it in the London Times and thus circulated throughout the kingdom.

It will be observed that the intention of Mr. Johnson was, seemingly, to view the question from the British standpoint, and to show the benefits that actually flow to Great Britain through the operation of the preference; but he makes no allusion whatever to the effects of the preference upon Canadian welfare, particularly upon Canadian manufacturing industries, nor upon Canadian trade with other countries.

Before the institution of the preference the imposition of duties bore alike upon imports from all countries; but it was found, as Mr. Johnson shows, that the imports from Great Britain into Canada were falling off at a most alarming rate. In 1873 the imports from Great Britain into Canada for home consumption were valued at \$68,522,776, while in 1897, the year before the adoption of the preference, the value had dropped to \$29,412,188. The imports into Canada were constantly increasing, but the imports from Great Britain were constantly decreasing. The political ties between the two countries showed no weakening, but the commercial bonds were shaky and almost disrupted. With a desire to strengthen these bonds Canada came forward of her own free will and accord, and to her own commercial detriment, receiving never a word of thanks or any act of reciprocity on the part of the mother country, and gave her a preference not accorded to any other country; and we are now presented with the

amazing spectacle of British statesmen declaring that the preference is of no substantial benefit to their country.

Mr. Johnson, in addition to showing how rapidly the value of the exports of British goods to Canada were diminishing before the preference, also shows that while our imports in 1897 were valued at only \$29,412,188, under the 25 per cent. reduction, they increased in 1898 to \$32,500,917, and in 1899 to \$37,060,123; and that under the 33½ per cent. reduction, the imports, in 1900, were valued at \$44,789,730, and in 1903, the last fiscal year, at \$58,896,901. Between 1873 and 1897 there was a decrease of nearly 60 per cent. in the purchases of Canada from Great Britain; under the 25 per cent. reduction there was, in 1899 as compared with 1897, an increase of 26 per cent.; and under the 33½ per cent. reduction, comparing 1893 with 1899, the increase was nearly 60 per cent. And yet there are British statesmen who deride as of no importance Canada's contribution to British manufacturers. As Mr. Johnson shows, the difference in the last three years—1901-02-03—in favor of Great Britain, due to the preference, amounts to a cash value of \$8,464,596.

It is difficult to comprehend why Canada should make this enormously large concession to British manufacturers; and it is also hard to see wherein Canada is benefited by the transaction. The goods we purchase from Great Britain are no better than those we buy from other countries—no better than those we make ourselves; and if we recognize that tariff protection is essential to our manufacturing industries, and if our general tariff is framed to afford such protection, the preference is an unfair burden and handicap upon them.

Mr. Johnson tests the value of the preference to Great Britain by analyzing several of the classes of goods exported by that country to Canada. These he groups as cotton goods; flax, hemp, etc.; iron and steel, and woollens. The terms or periods of years in which these were imported were, 1895-96-97—before the preference, and 1901-02-03—since then. The growth of the trade was very progressive during the latter period which it was not during the former. Thus in 1895 the value of imports of these classes was \$13,051,694, and in 1897, \$11,177,928, a decrease of \$1,873,766; while in 1901 the value was \$16,155,707, and in 1903, \$24,083,408, an increase of \$7,927,701, and yet there are British statesmen who do not appreciate the value of the preference.

It is shown in the classification that during the period