

and the purchasing power or effective demand of the people would be reduced in proportion.

Inasmuch as profitable production is governed by effective demand, producers would be forced to curtail the volume of their output in proportion to the decreased demand. This action would necessitate a reduction in the number of their workmen, thus causing an abnormal increase in the number of the unemployed. As the number of the unemployed increased, wages would shrink and poverty deepen. Under such conditions the seeds of disintegration would again flourish as they did prior to the abolition of this very system of duties it is now proposed to re-instate. The decreased per capita productiveness would check inter-imperial trade and probably cause it to decline.

Experience points to the conclusion that inter-imperial trade would decline were preferential duties re-imposed.

Speakers and writers who are advocating the imposition of these duties appear to have forgotten the fact, that until the middle of last century Great Britain, like other European countries, maintained in force preferential duties in favor of her colonies.

Spain, Portugal, France and other countries still maintain such duties.

Unfortunately there are no records available which would enable us to judge as to the immediate effect the imposition of these duties had on inter-imperial trade. The earliest records I have been able to obtain cover the period from 1839 in regard to exports to the Colonies, and from 1854 in regard to imports from the Colonies, which were as follows.