This system of compensatory tariffs has been vigorously attacked by "The Economist" Sir Andrew MacFadyean and Sir Arthur Salter, who state that such a system if carried out properly would completely kill all foreign trade. Goods are only bought abroad if they can be obtained cheaper than at home, and by the compensatory system this relative cheapness is removed by the tariff. Therefore no foreign trade is advantageous. This criticism, however, as Mr. J.M. Macdonnell pointed out in his article in the January issue of "Foreign Affairs", entirely ignores the phrase "economical and efficient production" which appears in Article 11.

It will be seen from this that the crux of the matter lies with the Tariff Board, who will have a grave responsibility and a hard task. It is no easy matter to say what industry is "economical and efficient", and what industry is "reasonably assured of sound opportunities for success". Moreover, it will be no light responsibility if they have to recommend the damaging of an industry in which large amounts of capital are invested, and which gives employment to many workers. It seems reasonable to suppose that a strong Tariff Board would be prepared to prevent any new uneconomic industries from starting up, but if they should happen to find an old industry, firmly established behind the tariff wall and possessing important vested interests, but which is nevertheless in their opinion definitely uneconomical, one might well be excused for feeling a little doubt as to whether either the Board or the Government would possess the courage to recommend any reduction of the Tariff that would seriously injure this industry.

As far as the present Canadian concessions are concerned, the preference on British goods has been increased in 223 items. The industries most affected are coal, iron and steel, textiles, and chemicals, and the general idea has been to attempt to divert as many as possible of the Canadian imports in these fields from the United States to Great Britain, but not in any large extent to affect the Canadian industries. In coal, Canadian imports have been moving strongly in favour of Great Britain, and although this may be to some extent due to the depreciation of the pound, the industry in England seems satisfied that the Ottawa Agreements are of appreciable benefit. The steel concessions seem likely to help Great Britain a little. For the calendar year 1932, 46.7% of the rolling mill products into Canada came from Great Britain and 46.8% from the United States, as compared with an average of 14.5% from Great Britain and 81% from the United States in the ten year period ended in 1931. Here again, however, the depreciated currency is a partial explanation of the change, and another important factor is the almost complete cessation of building in Canada during the past year, with a consequent decline in imports of structural steel. Canadian imports of structural steel have in the past come almost entirely from the United States, and they are likely to continue to do so when the demand is revived. This is due to the fact that the American manufacturers are accustomed to catering for this product, and the Canadian market is not sufficiently large to make it worthwhile for the British manufacturers to change their equipment in order to meet our requirements. The tariff, however, is likely to increase the British exports of steel sheets to the Canadian market, and one expert has estimated that the extra business in this line may amount to two or three million pounds per year.

The textile concessions met with more general dissatisfaction than almost any other item on the schedule. It was felt that the extra share in the Canadian market that is given to Britain at the expense of the United States will be so small as to be of little importance, and that the Canadian industry might well have made concessions in