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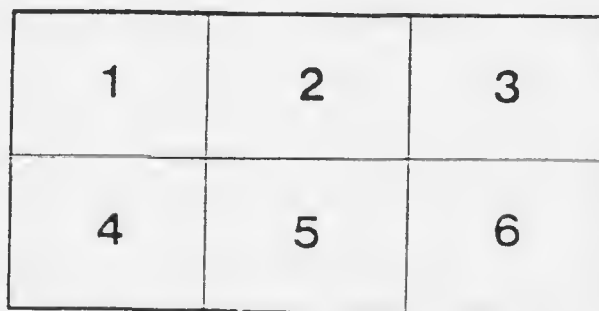
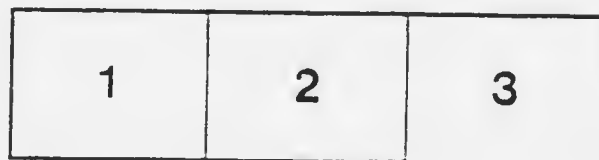
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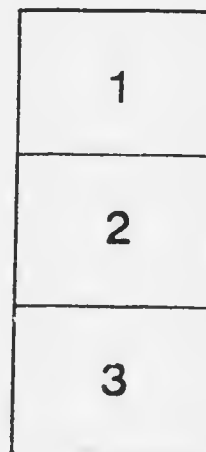
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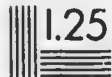
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A SURVEY OF CANADIAN IMPORTS

.. AND THE ..
RESULTS OF PREFERENCE.

By **THOMAS H. HAYNES,**

Follow of the Royal Statistical Society.



PRICE TWOPENCE.



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31, Whitefriars Street, Fleet Street, London, E.C.

A SURVEY OF CANADIAN IMPORTS OF MERCHANDISE.

The advocates of preferential trade within the British Empire are always eager to point out the great increase in British exports to Canada since preferential treatment was accorded to British goods in 1897 by the Dominion. Protests on the other hand are not wanting that the general increase in the Canadian imports since 1897 has been greater than that in the British proportion—the inference in the one case being directly contrary to the inference in the other case—and the actual effect of the preference accorded to British goods is of such importance as a factor in Tariff Reformers' proposals that it is highly desirable to obtain as close a view as possible of the true state of the case.

Trade statistics, it must be remembered, are in most countries merely an incidental by-product of a revenue-producing system, and although, undoubtedly, much care is bestowed upon the preparation of them, they are by no means perfect. For checking or estimating the revenue from duties, they are all-sufficient, but when they are taken for the purpose of showing the progress of a country's commerce or as a guide to found or maintain a fiscal or an external policy, they must be sifted very carefully. Allowance must be made for fluctuations in prices and search should be made for other defects before they can be safely used to forecast the effects of a change of policy which has any large body of opponents.

In the case of Canada, the information given in the annual reports, supplemented by the monthly returns, is far greater than in any other Colony, and wonderful care is bestowed upon the work; but the geographical conditions of that country compared with an isolated country, like Australia, occasion complications which make it much more difficult to detect and to correct disturbing factors, or accurately to define the true material progress of the country, or the effects of preference on the Mother Country's trade. Transit-traffic from or through the United States to Europe affects both exports and imports, and the inclusion of alien produce inflates the imports from the United Kingdom largely, and those from the United States also, though to a much smaller extent. The gross imports largely exceed the entries for home consumption, but the surplus does not amount to much more than one-half of the exports of foreign produce, which in reality ought to correspond.

TRANSIT-TRAFFIC OR RE-EXPORTS.

Table A.—Canadian Imports of Merchandise (\$000 omitted).

| 1898 1906. | From United Kingdom. | | |
|---------------------------------|----------------------|-----------|------------------------|
| | Dutiable. | Free. | Total. |
| Gross Imports | \$335,692 | \$121,424 | \$457,116 |
| Entered for Home Consumption... | 333,251 | 121,872 | 455,123 |
| | \$2,441 | 443 | 1,993 = 0.4 per cent. |
| | From United States | | |
| Gross Imports | \$627,640 | \$515,921 | \$1,143,561 |
| Entered for Home Consumption... | 564,636 | 515,667 | 1,080,297 |
| | \$63,004 | 260 | 63,264 = 5.5 per cent. |

A superficial glance at these figures would give the impression that in both cases the variation in the free goods was very small, and was what might reasonably be expected to occur; and that the excess of imports over consumption of British dutiable goods is not large enough seriously to disturb the totals. The corresponding excess in American dutiable goods, amounting to no less than ten per cent., occasions immediate interest in the footnote which appears in the British Abstract on Colonial trade, that the gross imports include wheat in transit duty free through the Dominion from the United States. Upon examination, however, it will be found that the total recorded imports of wheat from 1898-1905 amounted only to \$38,957,000, whereas the excess of imports amounted to \$58,348,000, thus rendering deeper scrutiny necessary. To attain ideal statistical symmetry, surplus imports should correspond closely with the amount of foreign produce re-exported, and not show such a difference as 65 millions do to 111 millions.

Table B (Table A expanded) (\$000 omitted).
Differences between Gross Imports and Home Consumption.
(Surplus of Gross Imports in black. Excess in Home Consumption in Italics.)

| | From United Kingdom. | | From United States. | | All Countries. Total. | Foreign Produce. Exported. |
|------|-------------------------|-------|------------------------|-------|-----------------------------|----------------------------------|
| | Dutiable. | Free. | Dutiable. | Free. | | |
| 1896 | 210 | 44 | 5,313 | 447 | 7,424 | 6,607 |
| 1897 | -55 | 45 | 9,052 | 65 | 7,924 | 10,825 |
| 1898 | 413 | 48 | 8,033 | 162 | 9,225 | 14,981 |
| 1899 | -77 | 53 | 8,810 | 175 | 8,709 | 17,520 |
| 1900 | 725 | 42 | 6,922 | 206 | 8,824 | 14,265 |
| 1901 | 167 | 30 | 9,223 | 191 | 9,178 | 17,078 |
| 1902 | 267 | 56 | 8,741 | 246 | 9,779 | 13,951 |
| 1903 | 228 | 57 | 6,740 | 419 | 7,425 | 10,828 |
| 1904 | 228 | 55 | 5,437 | 734 | 7,747 | 12,641 |
| 1905 | 314 | 118 | 4,442 | 1,159 | 4,908 | 10,617 |
| | 2,271 | 419 | 58,348 | 52 | 65,795 | 111,881 |
| 1906 | 170 | 59 | 4,656 | 208 | 3,925 | 11,174 |
| | \$2,441 | 478 | 63,004 | 260 | 69,720 | 123,055 |

0.7 p.c. -0.5 p.c. 10.4 p.c. 0.05 p.c.

This expansion of figures discloses several points of interest.

- (1) The surplus of imports, both from the United Kingdom and the United States, is practically confined to dutiable goods.
- (2) British free goods entered for Home consumption invariably exceed the declared supply.
- (3) American free goods, on the contrary, show a surplus supply.
- (4) The foreign exports are almost double the amount of the surplus imports, whereas in 1896 they did not equal them, but in 1899-1895 the exports were again in excess of the imports.

Taking No. 3 first, the marked change in 1905 is due to a change in classification after importation. From 1902 to 1905 the importations and consumption of American steel rails coincided exactly, but in 1905 they were as follows:—

| | Dutiable. | Free. | Total. |
|------------------------|-------------|--------------|-------------|
| Gross Imports | \$1,887,916 | \$3,002,777 | \$4,890,693 |
| Home Consumption | 233,073 | 4,517,486 | 4,750,559 |
| Difference | \$1,654,843 | +\$1,514,709 | \$140,134 |

It is obvious that if the \$1,514,709 cleared as "free" over and above the amount so imported had been originally entered as "free" instead of "dutiable" the deficit for 1905 in Table B for American free goods would have been converted into a surplus—and possibly some similar explanation might be found for the deficits in 1899 and 1901. The examination of this occurrence draws attention to the fact that whereas, according to the British abstract of Colonial tariffs, rails in

Canada are subjected to a duty of 28s. 9 1/3d. per ton of 2,000 lbs. and British rails, inferentially, are granted a rebate of duty, the import returns show that iron rails only are dutiable, totalling under two million dollars in eight years, as against steel rails, which amount to over twenty-four million dollars, admitted free.

(1) The surplus of dutiable goods from Great Britain is unimportant: that on dutiable goods from the United States is very large, and the presumption is the goods were exported. The total surplus of imports not entered for consumption for 1898-1905 is \$65,795,000, and this falls short of the amount of foreign produce recorded as re-exported by \$46,086,000. The term "entered for consumption" is officially stated to be merely a technical term, not necessarily implying that the goods have been consumed in Canada, but that they have passed into the hands of the importer. The example of Indian corn in the following table will show that in the case of free goods this may mean that they are received by an agent simply for the purpose of transit for export, and the inclusion of such goods in the imports gives a fictitious inflation to them in the same way as British imports are inflated by Continental goods sent over for re-shipment, as will subsequently be explained.

Table C.—Principal articles of foreign produce recorded as re-exported 1898-1905. (\$000 omitted).

| | Surplus Imports not Entered for Home Con. | Foreign Produce. | | |
|---|---|-------------------|--------------------------------------|--------------------------------|
| | | Recorded Exports. | Origin not Accounted for in Imports. | Destination not Accounted for. |
| Breadstuffs | 44,073 | 73,402 | 29,329 | — |
| <i>Wheat</i> | 38,605 | 59,111 | 500 | — |
| <i>Indian Corn</i> | 5,468 | 14,291 | 29,329 | — |
| Flaxseed | nil | 3,901 | 3,901 | — |
| Tea | 92 | 2,524 | 2,432 | — |
| Tobacco | 1,634 | 1,923 | 289 | — |
| Metals and Manufactures | 623 | 4,760 | 4,137 | — |
| Drugs, Chemicals, Ac. | 372 | 3,178 | 2,806 | — |
| Wood and Manufactures | 58 | 2,147 | 2,089 | — |
| Provisions | 5,035 | 4,548 | — | 487 |
| Living Animals | 4,180 | 2,486 | — | 1,694 |
| <i>Horses*</i> | 4,180 | 4,091 | — | 1,421 |
| Cod | 3,154 | 913 | — | 2,241 |
| Spirits and Wines | 1,591 | 528 | — | 1,063 |
| Settlers' Effects | — | 552 | 552 | — |
| | \$60,812 | 190,863 | 45,535 | 5,485 |
| | | 60,812 | 5,485 | |
| Exported after being entered for Home Consumption | | 40,050 | 40,050 | |

The returns for 1906 show similar differences.

There are two streams of traffic flowing eastwards to Europe carried on through-bills of lading—American produce via Canadian ports, and Canadian produce via American ports, and vice-versa two streams westwards—which possibly cause confusion in the statistics. Some information of the dimensions of that traffic eastwards may be gleaned from the new returns issued by the Board of Trade correcting British imports for 1904 and 1905 for true countries of origin.

Table D.—Goods in transit to United Kingdom (£000 omitted).

| 1904 | 1905 | | | | Total in Fall. |
|--|--------|-----------|-------------|--------------------------|----------------|
| | Wheat. | Ind. Crn. | Br'dstuffs. | Meat Other Prods. Foods. | |
| U.S. Produce via Canada | 75 | 368 | 483 | 87 | £1,013,539 |
| Canadian Produce via U.S. | 109 | 68 | 854 | 674 | £1,705,190 |
| 1905— | | | | | |
| U.S. Produce via Canada | 130 | 240 | 1,376 | 95 | £1,840,911 |
| U.S. Produce via Canada, according to Abstract | | | | | £3,300,953 |
| Canadian Produce via U.S. | 32 | 94 | — | 697 | £823,548 |
| Canadian Produce via U.S., according to Abstract | | | | | £2,177,820 |

* A herd of swine, value \$326,425, imported in 1905 is also statistically missing up to June, 1906.

None of the American wheat in transit referred to in the footnote in the British Abstract appears in these figures in detail, and a very small proportion of the Indian corn, to which attention has been drawn. The great difference between the abstract given in the 1905 volume and the detailed tables in the same is unexplained: it may have a bearing on Table B, but that is not certain. The surplus imports in Table B are nearly all accounted for in Table C, and a considerable amount of the excess of foreign produce re-exported over surplus imports is explained.

From a new Return No. 23, published in the 1906 volume, it would appear that Canadian exports via American ports are fast increasing, the amount so shipped to the United Kingdom being set down as \$31,769,231 or £6,536,880, the total so shipped for the year being \$40,787,992. Foreign imports, via American ports including \$13,283,428 from the United Kingdom amounted to \$25,936,120, all apparently credited to their proper countries.

BRITISH AND AMERICAN COMPETITION.

The main object of this paper is to test the statements that imports from the United Kingdom, since 1897, have increased more rapidly than those from the United States and although the Tariff Reform League have published a report on the new Canadian Tariff, in which they admit the United Kingdom has lost ground relatively, it is still desirable to pursue the subject and endeavour to arrive at the real effect of preference.

The official figures for merchandise entered for home consumption here reproduced in Table E, both as to amount and percentage, are practically the only figures available for ready use by the general public.

Table E.—Canadian imports of merchandise entered for Home Consumption, amended for price to Index No. 72 (\$00,000 omitted).

| Year ending June. | Index No. | From United Kingdom. | | From United States. | | Total of all Countries. | | Corrected. | |
|------------------------|-----------|----------------------|-----------|---------------------|-----------|-------------------------|------------|------------|--------|
| | | Actual. | Corrected | Actual. | Corrected | Actual. | Corrected. | | |
| 1889 | 72 | 42.2 | 42.2 | 39.73 | 50.0 | 30.0 | 45.86 | 109.1 | 106.1 |
| 1890 | 72 | 43.3 | 43.3 | 38.75 | 51.4 | 31.4 | 45.99 | 110.7 | 106.7 |
| 1891 | 72 | 42.0 | 42.0 | 37.67 | 52.0 | 32.0 | 46.65 | 111.5 | 111.5 |
| 1892 | 68 | 41.0 | 41.0 | 35.66 | 51.7 | 33.7 | 44.90 | 115.2 | 115.0 |
| 1893 | 68 | 42.5 | 42.5 | 36.92 | 52.3 | 35.5 | 45.44 | 115.2 | 115.2 |
| 1894 | 63 | 37.0 | 37.0 | 33.96 | 50.7 | 37.0 | 46.52 | 109.1 | 117.0 |
| 1895 | 62 | 31.0 | 31.0 | 30.85 | 50.2 | 38.3 | 49.84 | 100.7 | 114.4 |
| 1896 | 61 | 32.8 | 32.8 | 31.15 | 53.5 | 35.1 | 50.80 | 105.4 | 114.5 |
| 1897 | 62 | 29.4 | 29.4 | 27.53 | 57.0 | 36.4 | 53.48 | 108.6 | 117 |
| Difference | | 12.8 | 8.1 | 11.15 | +7.0 | +16.2 | +7.62 | -2.5 | +117 |
| 1893 | 64 | 32.0 | 36.0 | 25.36 | 74.8 | 84.1 | 59.24 | 126.3 | 111.1 |
| 1899 | 68 | 36.9 | 39.1 | 24.72 | 88.5 | 36.7 | 59.24 | 149.3 | 138.1 |
| 1900 | 75 | 44.3 | 42.5 | 25.66 | 102.1 | 38.0 | 59.17 | 172.5 | 165.6 |
| 1901 | 70 | 42.8 | 43.0 | 24.10 | 107.1 | 110.7 | 60.30 | 177.7 | 181.8 |
| 1902 | 69 | 49.0 | 51.1 | 24.95 | 114.8 | 119.8 | 58.40 | 196.5 | 205.0 |
| 1903 | 69 | 58.8 | 61.4 | 26.15 | 128.8 | 131.4 | 57.29 | 224.8 | 246.6 |
| 1904 | 70 | 61.7 | 63.5 | 25.34 | 143.0 | 137.1 | 58.71 | 243.6 | 250.6 |
| 1905 | 72 | 60.3 | 60.3 | 23.98 | 152.4 | 134.4 | 60.58 | 251.6 | 251.6 |
| 1906 | 77 | 69.2 | 64.7 | 24.42 | 168.8 | 137.8 | 59.59 | 283.3 | 265.0 |
| Difference Since 1897. | | + 39.8 | +39.8 | -3.16 | +111.8 | +91.6 | +6.11 | +176.7 | +151.1 |
| | | +135.4 | +90% | — | +196.2 | +138% | — | +151% | +114% |

The figures purport to show that in volume and percentage the imports from the United Kingdom between 1889 and 1897 seriously decreased, whereas those from the United States showed a distinct increase, the total imports appearing to have fallen slightly. The period referred to was one of falling prices, as will be seen by the index numbers, and the columns of amounts corrected for price show that the British decrease was not so bad as the official returns would make it appear to be, and that the American increase was much more substantial, and that the total imports in reality had increased \$11,700,000 instead of having fallen \$2,500,000. During the period after preference prices improved and the increase in imports all round, notable as it was, has been unduly magnified. In volume Great Britain gained 30.4 per cent. *less* than the general increase, or 21 per cent. on the corrected figures, and the United States gained the same percentage *more* than the general increase.

Professor Hewins, writing in the "Standard" of 4th December last, says it is a mistake to attempt to draw conclusions from gross totals, and that to realise the effect of preference attention must be confined to dutiable goods. Ignoring the incident about steel rails, undoubtedly he is right, but in addition to the points already raised on transit-goods there are several disturbing factors for which allowance must be made before the official returns of even the dutiable imports can reflect the true state of the case. At present they stand as follows:—

Table F.—Gross imports. Merchandise only (\$00,000 omitted).

| Years ending June | From United Kingdom. | | | From United States. | | |
|-------------------------------|----------------------|---------|----------|---------------------|----------|----------|
| | Dutiable. | Free. | Total. | Dutiable. | Free. | Total. |
| 1897 | 20.2 | 9.1 | 29.3 | 39.5 | 26.6 | 64.1 |
| 1906 | 52.8 | 16.5 | 69.3 | 94.2 | 79.4 | 173.6 |
| Increase | 32.6 | 7.4 | 40.0 | 54.7 | 52.8 | 109.5 |
| | 161 p.c. | 81 p.c. | 136 p.c. | 138 p.c. | 199 p.c. | 162 p.c. |
| Entered for Home Consumption. | | | | | | |
| 1897 | 29.2 | 9.2 | 29.4 | 30.5 | 26.5 | 57.0 |
| 1906 | 52.6 | 16.2 | 69.2 | 89.5 | 79.3 | 168.8 |
| Increase | 32.4 | 7.0 | 39.8 | 59.0 | 52.8 | 111.8 |
| | 160 p.c. | 80 p.c. | 135 p.c. | 194 p.c. | 199 p.c. | 174 p.c. |

The gross dutiable imports would support the abandoned idea of British success in the race, but the home consumption fails to confirm it.

INFLATION OF IMPORTS.

In a paper printed in the Royal Statistical Society's journal for March, 1906, the inflation of Australian imports from the United Kingdom was described and shown to be due to the inclusion of British re-exports and transshipments of foreign and colonial produce with British and Irish produce under one head, and to additions for freight, thus preventing Australian imports of British goods from agreeing with British shipments to Australia. It is nothing strange to find such cases of inflation of statistics; the first attempt of the Board of Trade to correct the official returns of British imports for true countries of origin referred to in Table D is not much more than a year old. A similar inclusion of foreign goods confuses Canadian statistics of imports of British goods and also American goods to a certain extent, and as far as dutiable goods are concerned from the United Kingdom, some light can be obtained from the official returns of their classification for duty, which yield the following information:—

A Survey of Canadian Imports.

Table G.—Imports of dutiable goods from the United Kingdom (\$000 omitted).

| | OFFICIAL CLASSIFICATION. | | | |
|------|--------------------------|------------------------------------|---------------|-------------|
| | GENERAL & SPECIAL. | | PREFERENTIAL. | Total Entd. |
| | Foreign. | British & Irish Expts. of Alcohol. | British. | for H. Con. |
| | \$ | \$ | \$ | \$ |
| 1898 | 2,111 | 794 | 19,652 | 22,557 |
| 1899 | 3,740 | 928 | 22,854 | 27,522 |
| 1900 | 4,354 | 1,113 | 26,094 | 31,561 |
| 1901 | 4,662 | 1,134 | 25,906 | 31,702 |
| 1902 | 5,202 | 1,130 | 28,730 | 35,062 |
| 1903 | 5,638 | 1,409 | 35,165 | 42,210 |
| 1904 | 5,008 | 1,456 | 38,476 | 44,940 |
| 1905 | 5,203 | 1,452 | 38,445 | 45,100 |
| | \$35,918 | \$9,416 | \$255,320 | \$280,654 |
| 1906 | | 6,803 | 45,723 | 52,616 |

It is clear that 12.8 per cent. of these dutiable imports have failed to reach the Canadian standard to rank as British goods, i.e., to contain 25 per cent. of British labour.

Prior to 1901 half-yearly totals of imports in detail are not available, but the totals for ten years show that the amount for January to June averages 49 per cent. against 51 per cent. for the other half of the year. For practical purposes it will be sufficient to treat the two half years as equal, and by adjusting the totals accordingly, with the view of bringing the Canadian years ending June into line with British years ending December, the following comparison is obtained, the figures for 1901 onwards being exact on both sides:—

Table H.—(\$00,000 omitted; Exchange \$4.86 or 4s. 1.4d.).

| | Can. Impts. from U.K. for H. Con. | Brit. & Irish Prod. to Canada. | Inflation. | | For. & Col. Shipmts. from U.K. re-Expts. Transpmts. | |
|-----------------------|-----------------------------------|--------------------------------|------------|-----------|---|------|
| | | | Amt. | Per cent. | | |
| January, 1889 | 290.9 | | | | | |
| June, 1896* | 295.1 | | | | | |
| | 267.8 | 235.1 | 52.7 | 22.4 | 38.5 | 7.7 |
| July, 1896 | 164.4 | | | | | |
| December, 1900† | 22.5 | | | | | |
| | 161.9 | 137.7 | 24.2 | 17.6 | 26.8 | 8.1 |
| January, 1901 | 234.3 | | | | | |
| December, 1905† | 6.2 | | | | | |
| | 278.1 | 251.6 | 26.5 | 10.5 | 40.0 | 16.3 |
| July, 1897—June, 1903 | 378.7 | 334.4 | 44.3 | 13.2 | 57.9 | 24.7 |

In 1895 a circular letter of instructions was issued to Collectors of Customs in Canada, pointing out that under Section 58 of the Customs Act providing for the collection of ad valorem duties upon "the fair market value" of the goods as sold for home consumption in the country where they were exported directly to Canada, that market value must include the duty which would have been paid in the exporting country had such goods been entered there for home consumption. The value of bounty-fed goods similarly was to be increased by the amount of the bounty. From Table H it will be seen that Canadian imports from the United Kingdom

* Alcohol exempted from preferential treatment, the other exemptions being disregarded (British Tobacco, nil; Sugar, trivial.)

† "Settlers' Effects" not included in British Export Returns.

from 1889 to 1896 exceeded the shipments of British and foreign produce all put together by \$6,590,000, or 2.3 per cent., an increment which is to a certain extent accounted for by the circular letter. From 1896 to 1900, the inflation dropped to 10 per cent. below the amount of foreign and Colonial re-exports alone, and from 1901 to 1905 to 34 per cent. below them.

In order to keep down the value for duty, it became important to Canadian importers to have their purchases of all Continental goods liable to duty in England as far as possible direct from the Continent, and as they had to come to England for shipment it was necessary to avoid as far as possible any question as to their having been landed in England by resorting to transshipment in bond. Reference to the British returns of re-exports and transshipments shows that a distinct increase in transshipments commenced in 1896, and has continued ever since, the proportion having more than doubled.

Table J.—Foreign and Colonial Produce from United Kingdom to Canada.

| (In Sterling.) | Re-Exports. | Transshipments. | Total |
|-----------------|------------------|-----------------------------|------------|
| 1889—1895 | 7,480,922 | 1,479,154 (16.5 p.c.) | 8,960,076 |
| 1896—1905 | 14,187,354 | 5,119,545 (36.5 p.c.) | 19,306,899 |

Foreign re-exports in England include re-shipments which are in reality identical with transshipments, and this will explain the fact disclosed in Table H that the inflation of Canadian "British" imports was *less* than the foreign and colonial re-exports. Many non-dutiable goods are landed in England and taken by land to the outward-bound ship and re-shipped, Customs entries being passed inwards and outwards. This is a more economical method of transshipping small shipments than passing bonded entries and employing a bonded lighter or van; and it is largely resorted to.* Such goods would be on a Continental invoice and easily identified as a direct shipment.

A Continental invoice would probably be sufficient to prevent the market value for duty being increased under Section 58 on account of transshipment, or reshipping in England, but the country of shipment would probably depend upon the bill of lading, whether it was a Continental through-bill of lading or one issued in England—for although in Table H the inflation of origin dropped, after 1896, below the amount of the re-exports alone, there is reason to think transshipments also continued to figure as British, in many cases, until 1900 at any rate, after which Table H shows there was a further important decrease in the inflation of origin. The importations of silks afford an instance for this assumption.

Table L.—Silk Manufactures (\$000 omitted).

| Year ending June. | Canadian | British and | Inflation. | For. and Col. | Year ending Dec. |
|----------------------|--------------------|---------------|----------------|---------------|---------------------|
| | Imports from U. K. | Irish Expts. | | Re-Exports. | |
| | \$ | \$ | \$ | \$ | |
| 1896 | 1,901 | 258 | 1,645 | 650 | 1896 |
| 1897 | 1,395 | 214 | 1,181 | 598 | 1897 |
| 1898 | 1,666 | 330 | 1,336 | 1,073 | 1898 |
| 1899 | 2,047 | 529 | 1,518 | 1,147 | 1899 |
| 1900 | 2,259 | 541 | 1,718 | 1,112 | 1900 |
| 1901 | 1,757 | 523 | 1,214 | 1,237 | 1901 |
| 1902 | 1,929 | 585 | 1,346 | 1,334 | 1902 |
| 1903 | 1,972 | 547 | 1,425 | 1,332 | 1903 |
| 1904 | 1,302 | 874 | 928 | 1,149 | 1904 |
| 1905 | 2,014 | 1,002 | 1,012 | 1,035 | 1905 |
| | \$15,425 | \$4,929 | \$10,497 | \$9,417 | |

* The instance of Indian Corn shows that the same thing prevails in Canada.

Owing to the fact that on an average 72 per cent. of the goods transhipped in England under bond are not enumerated in detail, and that silk does not figure amongst the details given, it is impossible to say that the heavy inflation of silk imports beyond the amount of the British re-exports prior to 1901 was due to transhipments, but it is difficult to find any other explanation. Before leaving Table I, it is well to notice the remarkable improvement in British exports of silk since preference came in.

Before an attempt can be made to reduce the imports from Great Britain and the United States to a more or less competitive basis by the elimination of articles in which rivalry does not or cannot occur, it is necessary to reduce those from the United Kingdom to true British goods. Opinions may differ as to what goods are entitled to rank as British now that foreign manufactured, or semi-manufactured, goods play so large, and so constantly increasing, a part in the composition of British exports. The official Canadian test of a minimum of 25 per cent. of British labour is not an easy one for Customs officials and importers to settle, and it is not an exorbitant demand to make before admitting goods to a rebate of duty, but the only established check on this system which is available to statisticians is the official return of British and Irish exports passed by the British Customs, and with this only can the Canadian classification be measured—but even this standard is not ideal when the object is to ascertain to what extent a colony, by its purchases, assists the British working classes to support themselves and buy that Colony's exports. British imports of rice for 1904-6 average 8s. 11d. per cwt., and cleaned rice is exported as British averaging 9s. 2d. per cwt., which no Colony would class as British. Hides, wool, and tin, of nominally British origin, are exported to Canada as well as some of foreign origin, but to take credit for British produce of articles such as these, the home consumption of which is so largely in excess of the home production, is deceiving, and injures comparisons and conclusions; moreover, the identity of origin rests to a great extent upon wharfingers' office boys who pass the export entries. American wheat milled in Canada becomes Canadian flour, and American hogs killed and cured in Canada become Canadian bacon—to the benefit of Canadian export statistics. Similarly, rolling stock is exported as British the underframes, wheels, and axles, and buffers of which are German, and the superstructure only British. German spectacle-frames and French glasses are put together in England and pass as British, and British workmen go out of employment, and poverty soon destroys the skill of hand and eye.

In assessing the inflation the British and Irish Standard is used in Table II, but for competitive comparison with the United States two special lists have been culled from the Canadian gross import lists, the British one consisting of articles of obviously foreign origin, a summary of which is given in Table M, which will be used as a means of checking the inflation shown in Table II. A division of British and foreign manufactured goods shipped from the United Kingdom cannot be made from the Canadian figures but by referring to the British export returns Table L on silks has been drawn up to supplement Table M in a very important particular. The inclusion of manufactured goods in the special lists would spoil the subsequent competitive comparison.

Table M.—Canadian Imports of Foreign Produce from United Kingdom, being a Summary of Table P (\$000 omitted).

| Year ending June | *British Propn. | | Foreign. | | *Animals, and Settlers' Effects. | | Total. | |
|------------------|-----------------|--------|-----------|--------|----------------------------------|--------|-----------|--------|
| | Dutiable. | Free. | Dutiable. | Free. | Dutiable. | Free. | Dutiable. | Free. |
| 1886 | 126 | 247 | 973 | 2,429 | 6 | 458 | 1,105 | 3,134 |
| 1897 | 69 | 225 | 719 | 2,447 | — | 490 | 788 | 3,070 |
| 1898 | 81 | 822 | 1,072 | 2,775 | 2 | 509 | 1,155 | 4,106 |
| 1899 | 109 | 935 | 1,283 | 2,808 | 2 | 517 | 1,395 | 4,260 |
| 1900 | 104 | 1,069 | 1,566 | 3,339 | 6 | 777 | 1,676 | 5,185 |
| 1901 | 154 | 795 | 2,128 | 2,791 | 23 | 958 | 2,309 | 4,554 |
| 1902 | 131 | 1,162 | 1,625 | 3,410 | 22 | 917 | 1,777 | 5,489 |
| 1903 | 121 | 1,263 | 1,531 | 3,788 | 16 | 1,327 | 1,667 | 6,378 |
| 1904 | 151 | 958 | 1,668 | 3,809 | 14 | 1,745 | 1,813 | 6,512 |
| 1905 | 164 | 1,469 | 1,916 | 3,841 | 9 | 1,901 | 2,089 | 7,211 |
| | 995 | 8,473 | 12,787 | 26,561 | 99 | 8,661 | 13,881 | 43,695 |
| 1905 | 219 | 1,817 | 2,829 | 4,507 | 2 | 2,333 | 3,050 | 8,657 |
| | 1,214 | 10,290 | 15,616 | 31,068 | 101 | 10,994 | 16,931 | 52,352 |
| | 11,504 | | 46,634 | | | 11,095 | 69,283 | |

Subject to the accuracy of Column 1, the percentage basis of which rests largely on the frail authority of export declarations, Column 2 consists of foreign produce which is part of the inflation shown in Table II, Column 3.

Bringing Tables G, H, L, and M to bear upon one another, the following calculations and results may be drawn:—

| 1898-1905. | Foreign Goods. | Variation | Foreign Goods Amended. |
|--|----------------|-------------|------------------------|
| Table M.—Special List Dutiable | 12,787,000 | | |
| Table L.—Silks Dutiable | 10,497,000 | | |
| Dutiable Foreign Goods | 23,284,000 | — 2,612,000 | 20,672,000 |
| Table M.—Special List Free | 26,561,000 | — 2,980,000 | 23,581,000 |
| Total Foreign Goods Recorded | 49,845,000 | — 5,592,000 | 44,253,000 |
| Table II.—Inflation of British and Irish Goods ... | 44,253,000 | | |
| Margin of Variation | \$5,592,000 | = 11.2 p.c. | |

| Table G | | |
|--------------------------------------|--------------|-------------------------------|
| Classification. Difference. | | |
| Foreign.—Dutiable brought down | 20,672,000 | ... 35,918,000 ... 15,246,000 |
| Foreign.—Free brought down | 23,581,000 | |
| Foreign.—Total brought down | \$44,253,000 | |

It is scarcely possible to resist the inference that this difference \$15,246,000 represents dutiable goods exported as British and Irish produce, which failed to establish the moderate qualification required for them to rank as British in Canada, and that they were disrated and placed under the general tariff as foreign goods, the imports from the United Kingdom being treated as follows:—

* Blood Stock (non-competitive).

† British and Irish export proportion of Furs, 39 p.c.; Hides, 69 p.c.; Wool, 38 p.c.

Table N.—(\$900 omitted).

| | Dutiable. | Free. | |
|---|----------------------|----------------|-----------------------------------|
| 83.8 British admitted to Prefnce. | 235,320 | — | (Table G.) |
| 3.1 .. Alcohol | 9,416 | — | " |
| 5.1 .. Disrated to Foreign.. | 15,246 | — | |
| .. Unrevised | — | 74,418 | |
| | <u>259,982</u> | <u>74,418</u> | 334,400 Brit. & I. Expts. |
| 7.1 Foreign Dutiable | 20,672 | 23,581 | 44,253 } For. & Col. Exports. |
| .. Reshipments taken to True Countries of Origin..... | — | — | 13,651 } 57,904 (Table II.) |
| Settlers' Effects Unrevised... | — | 7,305 | |
| <u>100.0 Imports from U.K.</u> | <u>280,654</u> | <u>105,304</u> | <u>385,958</u> Entd. for II. Con. |

The opposition case cannot be put any higher than this:—

| | Dutiable. | Free. | |
|-----------------------------------|----------------------|----------------|-----------------------------------|
| British admitted to Preference... | 235,320 | — | } 334,400 B. & I. Exports. |
| .. Alcohol | 9,416 | — | |
| .. Goods | — | 89,664 | |
| Foreign Goods (Table G) | 35,918 | — | } 44,253 |
| .. Balance | — | 8,335 | |
| | <u>280,654</u> | <u>97,999</u> | 13,651 Re-Shipments. |
| Settlers' Effects | — | 7,305 | 57,904 F.&C. Re-Expts |
| | <u>280,654</u> | <u>105,304</u> | <u>385,958</u> Entd. for II. Con. |

The relative measure of accuracy attaching to the two propositions depends mainly on the merits of the special list summarised in Table M, and a perusal of the items composing that list cannot fail to contradict any supposition that the foreign free goods shipped via Great Britain only amount to \$8,335,000. These items will be found in Table P, and they include a few articles which may claim to rank partly as British and be sufficient to make up the 11.2 per cent. difference between the excess of Canadian imports over British exports in Table II, and the special lists and the inflation in silk.

In the dutiable column some may think that the cost of manufacturing arrow-root, chocolate, and gelatine would be sufficient to entitle those articles, or that portion of them which is prepared in the United Kingdom, to rank as British. Lead is an article the home production of which is not nearly equal to the consumption, and even if a portion shipped to Canada was actually of British origin, in effect it was foreign. The percentage of dressed furs taken as British is based on the British export returns and is approximate.

In the free column, cotton, cream of tartar, and hair may be open to doubt. Tin, spelter and zinc are in the same position as lead. The percentage of hides taken as British is very high, and it would not be surprising if many came from Canadian cattle slaughtered in England—at any rate, they fall into the same category as lead. If the export returns can be relied upon, some 38 per cent. of the wool taken by Canada is British-grown, but some doubt may be felt whether this is actually the case. It is submitted that these lists, which contain no foreign manufactured goods whatever, cannot be regarded as overdrawn, and that there cannot be less than \$23,581,000 foreign free goods in the imports from the United Kingdom; consequently the foreign dutiable goods shipped as foreign cannot amount to more than \$20,672,000,

and the amount of so-called British dutiable goods disrated to foreign cannot be less than \$15,246,000. It may be a good deal more. On working out the years separately to account for this amount, the zeal of the Collectors of Customs appears to have been an increasing factor up to 1903, after which the importers seem to have gained a little.*

Table O.—Imports from United Kingdom below Preferential Standard.

(£000 omitted.)

| | | | | | | | |
|------|-------|-------|-------|-------|-------|-------|----------------------|
| 1893 | 1899 | 1900 | 1901 | 1902 | 1903 | 1904 | 1905 |
| -27 | 1,253 | 1,440 | 1,695 | 2,566 | 3,013 | 2,702 | 2,604 = \$15,246,000 |

The minus quantity in 1898, of course, is not actual, but represents a margin of error which must attach to Tables L and M being prepared from gross imports, and Tables G and H from home consumption, but Table B showed the difference to be only .7 per cent., and the smallness of the amount, and the regular subsequent course of yearly increase and then decrease tend to confirm the accuracy of the method adopted. The difference in the British and Canadian fiscal years in Table L on silk also prevents exact accuracy.

Before accepting, therefore, the total importations of dutiable goods as a gauge for the effect of preference, it is necessary to make allowances for

- (a) Canadian inflation of figures by the inclusion of foreign and Colonial produce.
- (b) British alcohol barred from preference,
- (c) British inflation of figures with goods below preferential standard.

During 1898-1905, the first amounts to 7.4 per cent. of the dutiable goods from the United Kingdom; the second to 3.4 per cent.; the third to 5.4 per cent. Total 16.2 per cent.

Although preferential reciprocity with the Colonies is often stated to be the inseparable complement of a protectionist policy towards foreign countries, the proposition has never been clearly demonstrated; but the fact that Canada finds it necessary to enter a protest regarding the composition of British exports points more towards the reverse—that protection should precede preference and restore to the British working classes the privilege of making British goods. On the 14th December last, members of Parliament in Canada complained of the low standard demanded—25 per cent. including the cost of the cases—and others maintained that there should be 50 per cent. of British labour, if not 75 per cent., because Continental countries were getting the benefit of the preference. The percentage actually disrated is only 4½, but there must be a considerable quantity amongst the rest largely composed of foreign material.

BRITISH AND AMERICAN COMPETITION.

In order to reduce the gross imports to a competitive basis, the goods comprised in the two special lists in the following table must be deducted:—

Table P.—Special Lists of Disturbing Factors (£000 omitted).

| Dutiable. | | 1898 - 1906. | | Free. | |
|----------------------|---------------------|--------------|-------|----------------------|---------------------|
| From United Kingdom. | From United States. | | | From United Kingdom. | From United States. |
| 102 | 10,198 | Animals | | 1,740 | 6,229 |
| 167 | — | Arrowroot | | — | — |
| — | — | Asphalte | | — | 826 |
| — | — | Bristles | | 306 | 341 |
| 1,280 | — | Rice | | — | — |

* In 1904 and 1905 German goods were subjected to a Surtax.

Table P (continued).

| Dutiable. | | 1898-1906. | Free. | |
|---------------------|---------------------|-------------------------------|----------------------|---------------------|
| From United Kingdom | From United States. | | From United Kingdom. | From United States. |
| — | 50,628 | Grain | — | 51,050 |
| — | 4,097 | .. Products | — | — |
| — | — | Broom Corn | — | 1,486 |
| — | 12,318 | Carriages | — | — |
| — | 59,847 | Coal and Coke | — | 79,717 |
| 1,336 | 1,438 | Cocoa and Chocolate | 206 | 522 |
| 68 | 1,102 | Coffee | 786 | — |
| — | — | Cotton | 309 | 46,318 |
| — | — | Brimstone | 1,103 | 784 |
| — | — | Cream of Tartar | 161 | 281 |
| 131 | 201 | Gelatine | — | — |
| 682 | 81 | Gums | 122 | 6,169 |
| — | 234 | Grease | — | 2,809 |
| 67 | 499 | Liquorice | — | — |
| — | — | Indigo | — | 310 |
| — | — | Logwood Extracts | — | 78 |
| — | — | Quicksilver | — | 523 |
| — | — | Vanilla | — | 198 |
| — | 826 | Fertilisers | — | 694 |
| — | 4,318 | Fish and Oysters | — | 94 |
| — | — | Hemp | 4,185 | 3,784 |
| 491 | 6,971 | Fruit, dried | — | — |
| 1,239 | 10,225 | .. green | — | 7,395 |
| 3,113 | 1,695 | Furs | 2,626 | 9,489 |
| — | 254 | Grass and Filre | 942 | 2,427 |
| — | 889 | Hay | — | — |
| — | 973 | Ilcps | — | — |
| — | — | Rubber and Gutta Percha | 101 | 16,844 |
| — | — | Hair | 94 | 404 |
| — | — | Hides | 9,866 | 19,949 |
| 1,376 | 593 | Lead | — | 38 |
| — | — | .. Tea | 366 | — |
| — | — | Copper, bar and bolt | — | 9,244 |
| — | — | Tin | 1,897 | 3,211 |
| — | — | Spelter | 222 | 438 |
| — | — | Zinc | 387 | 215 |
| — | — | Ores | — | 5,631 |
| — | — | Ivory | 147 | — |
| 19 | 9,395 | Oil, mineral | 11 | 1,609 |
| 295 | — | .. castor | — | — |
| — | — | .. Coconut and Palm... .. | 87 | 598 |
| — | 1,948 | .. cotton seed | — | — |
| 182 | 132 | Precious Stones | 3,418 | 682 |
| — | 22,022 | Provisions | — | 27 |
| — | — | Rennet | — | 420 |
| — | — | Rosin | — | 1,606 |
| — | 446 | Sausage Casings | — | — |
| — | — | Flax Seed | — | 8,061 |
| — | — | Settlers' Effects | 9,254 | 36,612 |
| — | 1,533 | Stone rough and wrought | — | 786 |
| — | 260 | Sporges | — | — |
| 1,129 | 683 | Spices | — | — |

Table P (continued).

| Dutiable, | | 1898-1906. | | Free, | |
|----------------------|---------------------|-----------------------|----------------|----------------------|---------------------|
| From United Kingdom. | From United States. | | | From United Kingdom. | From United States. |
| 345 | — | Brandy | — | — | — |
| 167 | — | Rum | — | — | — |
| 417 | 912 | Wines | — | — | — |
| 3,222 | 5,556 | Sugar | — | — | 18 |
| 25 | 520 | Tea | 7,160 | — | — |
| 1,078 | 2,204 | Tobacco | 86 | — | 17,114 |
| — | 13,360 | Wood and Manufactures | — | — | 40,582 |
| — | 3,322 | Turpentine | — | — | 4 |
| — | — | Wool | 6,470 | — | 3,080 |
| — | 4,133 | Vegetables | — | — | — |
| — | 305 | Yeast | — | — | — |
| \$16,931* | 231,118 | | 52,352* | | 388,641 |
| Annual Totals. | | | | | |
| 1,106 | 16,538 | 1896 | 3,133 | 20,353 | |
| 788 | 19,986 | 1897 | 3,070 | 21,039 | |
| 1,155 | 20,041 | 1898 | 4,106 | 29,448 | |
| 1,395 | 22,862 | 1899 | 4,260 | 34,620 | |
| 1,676 | 22,869 | 1900 | 5,185 | 36,336 | |
| 2,509 | 26,025 | 1901 | 4,554 | 38,752 | |
| 1,777 | 27,565 | 1902 | 5,489 | 38,553 | |
| 1,667 | 28,939 | 1903 | 6,378 | 44,180 | |
| 1,813 | 30,696 | 1904 | 6,512 | 51,839 | |
| 2,089 | 25,986 | 1905 | 7,211 | 54,188 | |
| 13,881 | 204,983 | | 43,695 | 327,916 | |
| 3,050 | 29,135 | 1906 | 8,657 | 60,725 | |
| \$16,931* | 231,118 | | 52,352* | 388,641 | |

These figures, being taken from the gross imports, must be deducted from the gross imports, and they include the items which compose the bulk of the surplus imports which presumably went for exportation (see Table C). Metal manufactures and drugs and chemicals, which appear in Table C to be accountable for some of the surplus imports, are not included in the American list; but they do not amount to more than \$7,000,000 in eight years, and, on the other hand, many items have been omitted from the British list which ought strictly to appear—such as coal and entries under the head of "Carriages," which include bicycles, &c., as well as rolling stock, the bulky character of which practically gives the American maker a monopoly by being able to deliver by rail.

It is a little difficult to assess the quantity of foreign competitive goods included in the imports from the United States from the Continent of Europe; but some indication may be gained from the fact that the imports (German) subjected to surtax have been as follows:—

| | 1904. | 1905. | 1906. |
|----------------------------|-----------|---------|---------|
| Included in United Kingdom | \$738,908 | 693,023 | 837,775 |
| Included in United States | 152,973 | 156,556 | 148,962 |

* See Table M.

The proportion imported via the United States appears to be decreasing to 15 per cent., as against 85 per cent. via the United Kingdom; but it must be assumed that French and Belgian goods also reach Canada as imports from the United States, and an allowance equal to 25 per cent. of the amount of foreign goods shown in Table N as imported from Britain—viz., \$44,253,000—should be ample to meet the case. It must be remembered that goods also are shipped direct from the Continent to Canada, 120 vessels (amounting to 324,000 tons) being entered inwards in Canada in 1906 from France, Germany, and Belgium.

Table Q.—Dutiable Goods from United Kingdom (\$000 omitted).

Corrections.—Foreign, \$35,918; British Spirits, 9,416; Animals, 99 \$45,433.

| | | |
|---|------------------------------|---------------|
| A | Special List | 13,881 |
| B | Silk Inflation | 10,497 |
| | Goods Disrated | 15,216 |
| | | <u>39,594</u> |
| | Var. 11.2 per cent. on A & B | 2,612 |
| | British Furs (Table M.) | 995 |
| | | + 3,607 |
| | | <u>36,017</u> |
| | Animals (Table M.) | 99 |
| | | <u>35,918</u> |

| Index No. | Year. | Gross Impts. | Deduct | Gross Prot. Competitive. | Home Con. Preference. | Gross Compt. excludg. Spirits. | Amended to Ind. No. 72 |
|----------------|---------------------|------------------|---------------|--------------------------|-----------------------|--------------------------------|---------------------------------------|
| 60 | 1895 | 24,576 | | | | | |
| 59 | 1897 | 20,190 | | | | | |
| 61 | 1898 | 22,970 | 2,907 | 20,063 | 19,652 | 20,857 | 24,618 |
| 70 | 1899 | 27,450 | 4,671 | 22,779 | 22,854 | 23,707 | 24,384 |
| 80 | 1900 | 32,286 | 5,475 | 25,811 | 25,094 | 27,924 | 25,131 |
| 72 | 1901 | 31,868 | 5,823 | 25,045 | 25,096 | 27,179 | 27,179 |
| 71 | 1902 | 35,330 | 6,355 | 28,975 | 29,730 | 30,105 | 30,529 |
| 72 | 1903 | 42,439 | 7,061 | 35,378 | 35,163 | 36,787 | 36,787 |
| 72 | 1904 | 45,168 | 6,475 | 38,692 | 38,476 | 40,148 | 40,148 |
| 75 | 1905 | 43,414 | 6,665 | 33,749 | 38,445 | 40,201 | 38,593 |
| | | <u>\$282,925</u> | <u>45,433</u> | <u>237,492</u> | <u>255,370</u> | <u>246,998</u> | <u>247,369</u> |
| 83 | 1906 | 52,767 | Animals 99 | 2,271 | | | |
| | (Amended to No. 72) | 45,774 | | 237,591 | 237,591 | | |
| | | | | | | | Diff. Gross. & H.C. Impts. (Table B.) |
| Inc. 1898-1905 | | 22,444 | | 18,729 | 18,793 | 19,344 | 13,975 |
| | | 99 p.c. | | 95 p.c. | 95 p.c. | 93 p.c. | 57 p.c. |

Table Q2.—Free Goods from United Kingdom.

Corrections. Special List \$26,561 - 11.2 2,980 23,581 + Settlers' Effects, 8,661 32,242

| Index No. | Year. | Gross Imports. | Deduct. | Gross Competitive. | Amended to No. 72. |
|--------------------|-------|----------------|---------------|--------------------|---|
| 60 | 1896 | 8,426 | | | |
| 59 | 1897 | 9,138 | | | |
| 61 | 1898 | 9,439 | 2,572 | 6,467 | 7,633 |
| 70 | 1899 | 9,366 | 3,008 | 6,358 | 6,539 |
| 80 | 1900 | 12,676 | 3,745 | 8,931 | 8,078 |
| 72 | 1901 | 11,075 | 3,446 | 7,652 | 7,652 |
| 71 | 1902 | 13,911 | 3,944 | 9,970 | 10,110 |
| 72 | 1903 | 16,526 | 4,650 | 11,836 | 11,836 |
| 72 | 1904 | 16,740 | 5,126 | 11,614 | 11,614 |
| 77 | 1905 | 15,125 | 5,311 | 9,814 | 9,488 |
| | | <u>104,884</u> | <u>32,242</u> | <u>72,642</u> | <u>72,910</u> |
| 83 | 1906 | 16,539 | | 1,856 | |
| | | | | 420 | |
| | | | | 74,418 | |
| | | | | | Animals (Table B.) |
| | | | | | Diff. Home Con. & Gross Impts. (Table N.) |
| Increase 1903-1905 | | 5,666 | | 3,317 | 1,855 |
| | | 60 p.c. | | 52 p.c. | 21 p.c. |

Table R.—Dutiable Goods from United States (\$000 omitted).

Corrections. Special List \$204,983 + 25% of \$20,672 = \$5168.

| Index No. | Year. | Gross Imports. | Corrections. | | Gross Competitive. | Gross Competitive Amended to 72. |
|---------------------|-------|----------------|--------------|----------------|--------------------|----------------------------------|
| | | | Special. | 25% Allowance. | | |
| 60 | 1896 | 34,415 | | | | |
| 59 | 1897 | 39,535 | | | | |
| 61 | 1898 | 46,097 | 20,041 | 536 | 25,520 | 30,122 |
| 70 | 1899 | 53,282 | 22,862 | 624 | 29,796 | 30,651 |
| 80 | 1900 | 60,820 | 22,869 | 731 | 37,220 | 33,498 |
| 72 | 1901 | 62,823 | 26,025 | 744 | 36,054 | 36,054 |
| 71 | 1902 | 68,922 | 27,565 | 661 | 40,696 | 41,270 |
| 72 | 1903 | 75,278 | 28,939 | 658 | 45,681 | 45,681 |
| 72 | 1904 | 82,981 | 30,695 | 563 | 51,722 | 51,722 |
| 75 | 1905 | 83,240 | 25,986 | 651 | 56,603 | 54,339 |
| | | \$533,443 | \$204,983 | \$5,168 | \$323,292 | \$323,337 |
| 83 | 1906 | 94,197 | 29,135 | | | |
| Inc. from 1898-1905 | | \$37,143 | | | \$31,083 | \$24,217 |
| | | 81 p.c. | | | 122 p.c. | 80 p.c. |

Table R2.—Free Goods from United States.

Corrections. Special List + 25% of \$23,581 = \$5,895.

| | | | | | | |
|---------------------|------|-----------|---------|-------|----------|----------|
| 60 | 1896 | 24,875 | | | | |
| 59 | 1897 | 26,605 | | | | |
| 61 | 1898 | 35,923 | 29,448 | 616 | 6,859 | 8,396 |
| 70 | 1899 | 43,821 | 34,620 | 623 | 8,578 | 8,823 |
| 80 | 1900 | 49,389 | 36,336 | 742 | 11,311 | 10,180 |
| 72 | 1901 | 53,148 | 38,752 | 619 | 13,777 | 13,777 |
| 71 | 1902 | 54,809 | 38,553 | 757 | 15,499 | 15,717 |
| 72 | 1903 | 50,671 | 44,180 | 841 | 15,650 | 15,650 |
| 72 | 1904 | 66,200 | 51,839 | 845 | 13,516 | 13,516 |
| 75 | 1905 | 72,495 | 54,188 | 852 | 17,455 | 16,757 |
| | | \$435,456 | 327,916 | 5,895 | 102,645 | 102,516 |
| 83 | 1906 | 79,463 | | | | |
| Inc. from 1898-1905 | | 35,572 | | | 10,596 | 8,661 |
| | | 96 p.c. | | | 154 p.c. | 107 p.c. |

The index numbers applied to these tables are those for materials only, almost all food having been eliminated from them, and the result is that the United States have increased in competitive dutiable goods 80 per cent. against the United Kingdom's increase of 57 per cent., notwithstanding the preference against the States. If spirits and disrated goods be added to the British dutiable total, the British percentage of increase is 66 per cent. instead of 57 per cent. In free goods the contrast is still more striking—107 per cent. against 24 per cent.

The duty collected in 1906 on British goods admitted to preference—\$45,723,019—amounted to \$9,380,210, being an average rate of 20 per cent., and the duty sacrificed in giving this preference must have been \$4,690,000, or nearly a million sterling in one year. It is grievous to think that so great a sacrifice should have failed to stay the great rival's advance; but the great advantage American manufacturers have in being within a day or two of postal communication, and having the facility of rapid delivery by rail, compared with the length of time required to obtain goods from England, the preference in all urgent orders must be in their favour. Speedy and certain delivery by rail and the avoidance of the risks and perils of sea carriage

must always prove important factors in determining the course of trade. The average rebate of 10 per cent. duty does not necessarily mean that the consumer or the importer will gain 10 per cent. by purchasing British goods instead of American, as it may often merely enable the British manufacturer to supply at a price a little below or not exceeding his American rival.

It is not suggested that the results of preference in Australia or South Africa would be the same as in Canada, where the geographical position is of such importance; but the same difficulty would arise everywhere as to the standard by which to test British exports for preferential treatment, and this Paper will have shown what widely different opinions prevail on the subject.

T. H. HAYNES.

Tavistock, March 14th. 1907.



