

which they could not accomplish separately and for preventing the loss occasioned by carrying articles from place to place during several processes necessary to complete their manufacture" Such factories began to exist in Canada in the sixties and the seventies of the last century and have since that time become the dominant factor in Canadian manufacturing industry.

Encouragement of Manufactures by Protective Tariffs.¹—In all new and developing countries, producing food products and raw materials in abundance, there comes, at a certain stage, a movement for working up these commodities within the country. Thus a movement to promote a rise of manufacturing industries in Canada took place in the fifties of the last century, and in 1858 the Canadian Legislature enacted a protective tariff against which English exporters of manufactured goods vehemently protested. Canada, however, claimed the right to raise her revenue in the manner which suited herself and Great Britain did not contest the point. From that day to this, there has been an element of protection in Canadian tariff legislation. For a considerable time, the protection afforded to Canadian manufacturers was described as "incidental protection", and after Confederation the tariff was reduced in deference to the low tariff sentiment prevailing in the Maritime Provinces, which were commercial rather than manufacturing communities. However, after a commercial depression which took place in the 1870's the people of Canada, at the general election of 1878, voted in favour of a higher tariff.

The policy of protection was definitely adopted in 1879, when the manufacturer was given an increase in the duty on his finished product, offset in some cases, it is true, by higher duties on his raw materials. Sugar and molasses products comprised some twelve tariff items, seven bearing a compound duty, the average *ad valorem* duty imposed being 26·25 p.c. On the lines of cotton goods likely to be manufactured in Canada, duties were raised from 17½ p.c. to rates, specific and *ad valorem* equivalent on the importations of 1881 to 30 p.c. The duties on woollens, which were all in the 17½ p.c. schedule in 1878, were practically doubled. On some of the 36 iron and steel articles enumerated in the schedule, the duties were specific, on some compound, but on the whole there was an average duty of 16·17 p.c. Pig iron, previously free, was made to pay \$2 a ton. The duty on iron billets, bars and rods was increased from 5 p.c. to 10 p.c. and 17½ p.c., while manufactured iron and steel products and machinery were given 25 p.c. to 35 p.c. protection. On coal, both bituminous and anthracite, a duty of 50 cents a ton was imposed. The average *ad valorem* rate of duty on the dutiable imports in 1880 was 26·1 p.c. as compared with 21·4 p.c. in 1878. The maximum percentage was reached in 1889, when the rate was 31·9 p.c. By 1896 there was a slight drop in the rate to 30·0 p.c., and the declining trend continued until 1918 and 1919, when a rate of 21·5 p.c. was recorded. In 1922 the rate was 24·5 p.c., in 1926, 24·7 p.c. and in 1927, 24·1 p.c. The average *ad valorem* rate of duty on all imports was 16·7 p.c. in 1923 and 15·4 p.c. in 1927. These rates are based on the gross sums collected; if the refunds and drawbacks were allowed for, the net rate of customs duty would be substantially lower.

Growth of Canadian Manufactures Prior to the War.—Until the later nineties, the growth of Canadian manufacturing industry was not particularly rapid, though the great fall in the prices of commodities during the period from 1873 to 1897 was largely responsible for the comparatively slow growth of the values of manufactured commodities from \$221,600,000 in 1870 to \$469,800,000 in 1890. Afterwards there was a change and the prices of commodities commenced

¹ On this subject, see also the commencement of the subsection on External Trade, pp. 467-470.