

CHAPTER XVI.—EXTERNAL TRADE.

This chapter commences with a historical sketch of Canadian external trade, the Canadian tariff, and recent developments in external trade, followed by a brief account of the Commercial Intelligence Service. Thereafter is to be found a treatment of statistics of external trade under ten subordinate headings: historical statistics of Canadian trade; general analysis of current import and export trade; trade with the United Kingdom and the British Empire; trade with the United States and other foreign countries; geographical distribution of Canadian trade by continents and countries; principal commodities imported and exported; trade in raw and manufactured products; Canada's position in international trade; main historical tables and tables showing current trends (Tables 1 to 21); and comparison of the volumes of imports and exports (Table 22). The chapter is finally brought to a close with sections on the tourist trade of Canada, and on Canada's balance of international payments in recent years.

Section 1.—The Development of Tariffs.

An outline of the development of tariffs as affecting Canada naturally falls into two divisions: first, a historical sketch showing the various phases of Canadian trade which have influenced tariff development; and second, the present tariff conditions under which Canadian trade is carried on.

Subsection 1.—Historical Sketch of External Trade and Tariffs.

In the early history of the American continent each of the European nations establishing settlements in the New World endeavoured to monopolize the commerce of its colonies, prohibited the ships of other nations from resorting to them and prohibited its colonials from importing European goods from other countries, generally granting them, however, preferential treatment in its own market. In these circumstances the colonial wars in America were carried on, by Governments permeated by the mercantile spirit, for "ships, colonies and commerce". Owing to this fact, wars resulting in the transfer of colonies from one European power to another involved great economic as well as political changes in the community so transferred. The traders who had previously controlled the trade between the mother country and its colony found their occupations gone, while new traders from the conquering State arrived to take over the import and export trade, which thereafter flowed in new channels, perhaps no more artificial than those which had previously existed.

Throughout the earlier part of the French *régime* in Canada, the foreign trade of the colony was in the hands of the monopolistic chartered companies, of which the Company of One Hundred Associates was the most notable. When its monopoly was cancelled in 1663, the external trade of Canada still remained a preserve of the merchants of Old France. Upon the conquest of the country by the British, the French merchants, who had their offices in Quebec and Montreal, for the most part returned to France, and the trade of the Colony fell into the hands of the traders from England, Scotland and New England, who had flocked into the country on the heels of the invading armies. Some of their descendants are still among the leading figures in Canadian import and export trade.

For the first sixty years of British rule, Canadian commerce was carried on almost exclusively with or through the United Kingdom, the merchants of New