

1873, and the consequent falling off in a revenue based upon trade, necessitated an increase of the general rate to $17\frac{1}{2}$ p.c., with a 20 p.c. rate on certain luxuries. Even this increase failed to fill the treasury.

In 1879, after the people had declared for a protective policy in the general election of 1878, the duties on imported manufactured goods were considerably increased, the rate on goods "not otherwise provided" being raised from $17\frac{1}{2}$ p.c. to 20 p.c., the rates on cotton goods from $17\frac{1}{2}$ p.c. to rates, specific and *ad valorem*, equivalent on the importations of 1881 to 30 p.c., while the duties on woollens were practically doubled. The rate on furniture and clocks was increased to 35 p.c.; on carriages, glassware, wall-paper and silks to 30 p.c.; on boots and shoes, buttons, rubber goods and woodenware to 25 p.c. Pig iron, previously free, now paid \$2 a ton, and the duty on iron billets, bars and rods was increased from 5 p.c. to 10 and $17\frac{1}{2}$ p.c., while manufactured iron and steel products and machinery were given 25 to 35 p.c. protection. Throughout the 80's the general trend of the minor revisions made in the tariff was still upwards, but in the 90's a downward tendency became manifest. In 1891 the duty on raw sugar was repealed, and in 1894 material reductions were made on agricultural implements, and minor readjustments on cottons and woollens. This period was also marked by the thorough-going extension of protection to the iron and steel industry, both by customs duties and bounties.

In the tariff revision of 1897, the duties on Indian corn, binder-twine, barbed wire, pig iron, flour and refined sugar were reduced or abolished, while the bounties on domestic pig iron were not reduced, but in certain cases increased. But the most distinctive feature of the tariff revision of 1897 was the adoption of what was called a "reciprocal" tariff, one-eighth lower than the general. This "reciprocal" tariff was at once applied to the United Kingdom, and afterwards to New South Wales and to British India, while Belgium and Germany, in virtue of their trade treaties with Great Britain, were also admitted to the benefits of the "reciprocal" tariff, together with Argentina, Austria-Hungary, Bolivia, Colombia, Denmark, Persia, Russia, Sweden, Switzerland, Tunis and Venezuela, on account of most-favoured-nation treaties between these countries and Great Britain, and France and her colonies, in consequence of the Franco-Canadian treaty of 1893. A little later the "reciprocal" tariff was extended to the Netherlands, Japan, Siberia, Morocco, Salvador, South African Republic, Tonga and Spain, also under most-favoured-nation treaties between these countries and the United Kingdom.

The numerous concessions mentioned above were, however, of a merely temporary character, ceasing to exist in 1898 as a consequence of the denunciation by Great Britain of her most-favoured-nation treaties with Germany and Belgium. This left Canada free to confine her lower tariff rates to the United Kingdom and to sister Dominions and colonies. A British preferential tariff, consisting at first of a remission of 25 p.c. of the duty ordinarily paid (Aug. 1, 1898), and later of a remission of $33\frac{1}{2}$ p.c. of the ordinary rate of duty (July 1, 1900), was established. This method of preference was abandoned in 1904 for a specially low rate of duty on almost all imported dutiable commodities.

Customs Tariff of 1907.—In 1907 a new customs tariff was introduced, establishing three scales of duties, British preferential (the lowest), intermediate and general, the intermediate tariff being set up as a basis for negotiation with foreign countries in the interest of Canadian trade. This tariff of 1907 is still in operation, with modifications. Under it, the British preferential tariff applied in 1928 to nearly the whole of the British Empire except Australia and Newfoundland, while