

Tariff Policy since Confederation.—The immediate effect of Confederation was to abolish the tariff barriers which existed between the provinces entering the Dominion. As the area of Canada increased until, except for Newfoundland and Labrador, it became conterminous with British North America, the area of internal free trade was thereby extended, while protection against outside competition was generally maintained. However, the protective tariff of the old Province of Canada, adopted in 1859 with a prevailing rate of 20 p.c., was replaced in 1866 by a tariff assimilated to the revenue tariffs of the Maritime Provinces, with the rates of duties on the great bulk of manufactured commodities reduced from 20 and 25 p.c. to 15 p.c. Later on, the world-wide depression which commenced in 1873, and the consequent falling-off in a revenue based upon trade, necessitated an increase of the general rate to 17½ 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 17½ p.c. to 20 p.c., the rates on cotton goods from 17½ 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 17½ 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 In 1891 the duty on raw sugar was repealed, and in 1894 material reductions were made on agricultural implements and minor readjustments on cottons and woollens.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 the United Kingdom, 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 the United Kingdom, also France and her colonies, in consequence of the Franco-Canadian treaty of 1893. A little later the "reciprocal" tariff was also extended to the Netherlands, Japan, Siberia, Morocco, Salvador, South African Republic, Tonga and Spain, 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 the United Kingdom 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