

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 also extended; at the same time 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 that commenced in 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, wallpaper, 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 In 1891 the duty on raw sugar was repealed, and in 1894 material reductions were made on agricultural implements and minor readjustments on cottons and woollens.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. Other countries, in virtue of special trade or most-favoured-nation treaties with the United Kingdom, were admitted to the benefits of the reciprocal tariff, as was France in virtue of the Franco-Canadian treaty of 1893.

The 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 later of a remission of $33\frac{1}{3}$ 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.

Subsection 2.—Tariff Relationships with Other Countries*

Tariff relations between Canada and other countries are governed by: (1) application to Canada of some old commercial treaties of the United Kingdom (2) partici-

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