

expected, Hon. George Brown clearly declared that :

"We propose now to lay the foundations of the structure—to set in motion the governmental machinery that will one day, we trust, extend from the Atlantic to the Pacific. And we take special credit to ourselves that the system we have devised, while admirably adapted to our present situation, is capable of gradual and efficient expansion in future years to meet all the great purposes contemplated by our scheme."

In 1867, the union became a national fact, approved by the Imperial authorities, and before very long, by the entire people. By it, all vexatious tariffs between the Provinces were swept away, and a uniform rate of fifteen per cent. established upon the products of all countries outside the Confederation. And with Viscount Monck as Governor-General, Sir John A. Macdonald as Prime Minister, and members of the Government such as Sir A. T. Galt, Sir S. L. Tilley, Sir A. Campbell, Sir Hector Langevin and A. G. Archibald, the new Dominion was fairly launched upon its path of progress.

For some years, fiscal matters were in the back-ground, and fiscal history was not a subject of such interest as it became in later years. The small revenue tariff served, under the depressed condition of things in the United States, as sufficient incidental protection to permit of considerable industrial development, while the great prosperity prevalent in England prevented any sacrifice sale of surplus English products in our market, in order to obtain possession of it. Different causes produced in this case the same result. United States manufacturers had not recovered from the financial dislocation of the war, and British concerns seemed to possess a monopoly of the great markets of the world. Consequently, Canada was let alone, and our little fifteen per cent. dutier were sufficient for the moment. But in 1872, the change in conditions commenced. Up to that time the new Confederation had been fairly prosperous, and Parliament had devoted the most of its time to local disputes and international questions such as the Fenian Raids or the Washington Treaty. The results anticipated from the abrogation of the Reciprocity Treaty had been averted by the Union, or else the fears expressed prior to the event, had been tinged with an exaggerated idea of its importance. Mr. (afterwards Sir S. L.) Tilley, was able to announce in 1872 a revenue of \$19,300,000 as compared with one of \$13,600,000 at Confederation, together with a surplus of over three

millions. At the same time, however, he announced what was then becoming evident to many far-seeing students of the situation, that American industries had revived, and that their competition would very soon become dangerous to Canadian manufacturers and injurious to the general welfare of the Dominion. And he stated that during the next session the tariff would be increased in the direction of protective duties.

But fate and the Canadian people ordained otherwise, though not in reference to that particular issue. The Pacific Railway charges and a shower of slander intervened, with the result exhibited by the elections of 1873 and the accession of Hon. Alex. Mackenzie to power. The fiscal policy of the Liberals during this period is so well known as to require little explanation. Mr. Mackenzie's opinions upon free trade *v.* protection are familiar to every one as are those of Sir Richard Cartwright, changeable though the latter may be. But the difference in surrounding conditions during his term of office practically made the Liberal policy an entirely different one from that of the preceding administration even while the duties were exactly similar. This fact is too often disregarded or unknown in the fiscal discussions of to-day. It soon made itself felt however at the time. Mr. Tilley, while Finance Minister, had been able to take the duties off tea and coffee, thus remitting a million of taxation, but Mr. Cartwright before very long had to re-impose them in order to replenish an empty exchequer and provide against deficits which threatened to become chronic. It is speaking by the book to say that the revenue decreased while the expenditure increased from \$19,174,647 in 1873 to \$24,445,381 in 1879; that deficits totalled up to \$6,000,000 during the same term of years; that every branch of Canadian life—commercial, financial, and national either slumbered or retrograded. It was not that the Government of the day was primarily to blame; they did nothing to produce the general depression or to render more acute the competition which destroyed our industries, deprived our artisans of food and work, or checked the development of the country, the progress of trade or the natural expansion of revenue. It was simply that they did nothing to avert the evils which threatened Canada in 1873; nothing to ameliorate the troubles which afflicted it from that time up to 1879. A glance at