

In all of them the principal industries are in connection with the field, the forest, or the sea.

Their exports are, with some varieties, principally flour, grain, butter, and cheese, potatoes, timber and lumber, coal, cattle, fish, furs and skins. Their imports chiefly manufactured goods and colonial produce, sugar, tea, coffee, tobacco, spirits and wine.

Their financial wants and resources must of course vary with circumstances, but there seems to be no essential obstacle of an insuperable kind to their Commercial Union.

In the abstract, therefore, it seems probable that such a measure as that under consideration might be adopted with regard to these provinces, without in any way infringing the principle of taxation which Her Majesty's Government desire to observe.

For such purpose it would be only necessary for them to raise the whole of their Customs revenue from articles which none of them produce, such as tea, coffee, tobacco, sugar, wine, or from articles from their own produce upon which they could place corresponding internal duties such as spirits.

In all of them, however, an important part of their Custom duties are levied upon articles which they themselves produce, and upon which it would be very inexpedient to place such internal duties as should countervail the duties upon importations.

So long as this is the case, and from the experience afforded by the recent Canadian tariff, there seems no immediate prospect of a change in this respect, my Lords are unable to perceive how an exclusive exemption from import duties, applicable to their respective produce, can be sanctioned without giving a serious extension to the protective system in Her Majesty's colonial possessions, to the partial adoption of which, my Lords have on several occasions expressed their strong objection.

They are, therefore, of opinion that the assent of Her Majesty's Government to the first proposition of the Executive Council of Canada, should be given except under the following condition, viz :

That any exemption from import duty applied to the produce and manufactures of these provinces respectively, shall be equally extended to all similar produce and manufactures of all Countries.

This condition appears to my Lords to supply a self-acting rule, under the operation of which two or more British possessions may at any time avail themselves of the advantages which must result from complete freedom of trade between them, whenever, and whenever only, they can do so consistently with their own well understood interests and with those of the Empire at large.

More than this, my Lords do not think such colonies could themselves desire, except from a wish to afford protection to each other's productions, an object which Her Majesty's Government cannot be expected to promote.

The second proposition of the Committee of Council, viz. : the assimilation of the tariff of all the North American Provinces, is probably considered by that body as in a great measure dependent on the adoption of their first recommendation.

So far as this is the case, my Lords can, of course, only approve of it subject to the qualifications which they desire to enforce with respect to that recommendation.

It is not, however, necessarily dependent upon the former arrangement, and regarding it as a distinct proposal, my Lords can only say that on abstract grounds there can be no possible objection, either of principle or policy to its adoption by the common consent of all the Legislatures concerned.

In practice, however, the effect of such an assimilation upon the commercial interests of the Empire in general, and the Colonies in question in particular, must depend entirely on the mode in which it is carried into effect, and it cannot be denied that the recent policy of Canada, as exhibited in the Tariff of 1859, presents a serious obstacle to the proximate realization of such a report.

The Tariffs of all the other North American Provinces are more favorable to the principal exports of the United Kingdom than that of Canada, which, if not protective in its intention, is certainly so in its effect.