

APPENDIX No. 28.

INTER-COLONIAL TRADE.

MY LORD,—

Your Excellency having been pleased to authorize me to confer with the Finance Ministers of Canada and New Brunswick on the subject of Inter-colonial Trade, I beg leave to report that I proceeded to Quebec in September last, and on my arrival there was invited with Messrs. Howe and McCully to take a seat at the Council assembled to deliberate on the question of an Inter-colonial Railway and other topics of interest to the Provinces. At this meeting, the question of free exchange of articles the growth and manufacture of British North America, was incidentally discussed in connection with the Inter-colonial Railway, and subsequently more fully by the Finance Ministers of Canada and New Brunswick and the undersigned.

The prevailing sentiments at both of these meetings was in the highest degree favorable to the adoption of a free trade policy between the British North American Provinces. The representatives of the government of Canada, probably feeling that many of the manufactures of that Province, fostered by a tariff more or less protective in its character, would compete most successfully with those of Nova Scotia and New Brunswick, were desirous of giving immediate effect to the policy under consideration. The Finance Ministers of New Brunswick and Nova Scotia, on the other hand, while admitting the soundness of the general principle, were not prepared on the instant to adopt so extensive a change in our revenue laws.

First, because it would not have been just to existing interests hastily, and without sufficient notice, to bring the larger and more advanced manufactures of Canada into competition with the limited and infant productions of the maritime Provinces; and

Secondly, because in view of the large additional obligations agreed to be assumed by the Provinces of Nova Scotia and New Brunswick to pay seven-twelfths of the interest on the proposed loan of three millions of pounds sterling for the Inter-colonial Railway, it was felt that, although our revenues were rapidly improving, that the present was not the time to risk the loss of any large amount of revenue; and

Thirdly, because, before adopting a full measure of Inter-colonial Reciprocity, it was indispensable that a uniformity of tariffs should take place, which would require time, as it would be impossible for Canada at once to bring her generally high rates of duties down to a level with ours, and not very wise, even if practicable on the part of Nova Scotia, to burthen our people with the heavy revenue charges imposed on the population of Canada.

Under these circumstances, and in full view of the facts of the case, it was agreed by the Council representing the Provinces of Canada, Nova Scotia and New Brunswick, that the introduction of a free trade between them be deferred until the completion of the Railway between Halifax and Quebec, and the following minute, signed by the leaders of the several governments was adopted.