

embraced the existing provinces of Ontario and Quebec. I might have cited this great confederate scheme as one of the instances of the flexibility of Canadian politics. So soon as it was seen that union was a necessity, all things gave way to it. It was settled by a convention in six months, and after considerable discussions, both at home and in the colony, the Act passed the Imperial Legislature in 1867. The ease with which this important measure has been accomplished, especially considering the different interests and various populations, the diverse races and religions, whose status was intimately involved, would seem to show that after all, if public opinion throughout the empire were once to begin to turn in that direction, the diversities of position, the differences of Government, the varieties of social life, might really all be adjusted in harmony with a system of Imperial Government for Imperial purposes, and of local Government for each locality. The action of this great measure was immediately to give a national impulse and stability to the Canadian provinces, which now find themselves bound together by fiscal, postal, railway and canal, and military arrangements. The people are beginning to acquire that national sentiment which alone can enable them to put their country in the position to treat upon an equality with Great Britain as a member of the British Empire. This is a necessary precedent to Imperial federation if ever it is to be accomplished. Speaking to Manchester economists I ought to draw your attention to one point which, in discussing the fiscal policy of the confederation, appears frequently to be overlooked. It must be remembered that in Canada, being a new country, with all the latent resources of which I have to-night spoken, revenue is not only necessary for Government, but is also essential for development. Such a revenue it is averred can only, over so sparsely-settled a country, be levied by indirect taxation. Hence it is important to note that the taxation of Canada is not for protection, but for revenue. Taxes are equally imposed on British and on foreign manufactures, and this was the policy which, after the adoption of free trade in this country, was dictated by Earl Grey to the colonies. In December, 1846, he thus wrote to Lord Elgin:—