

whereas they were at present flourishing under the provisions of the actual tariff. The conversation then turned upon the possibility of some system either of free trade or of low tariff being established as between the various sections of a federated empire, for all products grown or manufactured in any part thereof, leaving to each section of the empire the liberty of making any tariff arrangements it pleased as against any foreign countries. Sir John thought that some form of customs union might be devised, and he stated that already in its tariffs Canada had shown its desire to favour the products of the mother country by placing lighter duties upon such classes of goods as came principally from Great Britain. But he explained that for Canada import duties were a matter of necessity, even as regarded revenue. Like all young communities, Canada disliked direct taxation, and whatever could be raised by direct taxes had a heavy first charge upon it for the expenses of the various provincial governments, so that few sources of revenue were left for the Central Government of the Dominion except the customs and excise duties. And in the present stage of its existence the expenditure for public works of actual necessity for knitting together and developing the immense territories of the Dominion was exceedingly heavy in proportion to the population.

Again, the boundary of the Dominion was conterminous with that of the United States throughout the whole length of its territory. So long as the United States elected to raise its revenue more by customs duties than by direct taxation, the action of Canada would be influenced in the same direction. For settlers would be inclined to select the southern side of the border rather than the northern, if they found the direct taxation cheaper on the United States side than on the Canadian. Sir John also alluded to the point that a very small duty on the importation of foreign grain into England, whilst admitting colonial grain free, would be of immense importance to the agricultural interests of Canada.

Throughout the whole of the conversation Sir John showed himself to be a sincere and consistent believer in Imperial Federation; never losing sight, however, of the many difficulties which would have to be overcome in the attainment of the desired consummation. As regarded the military and naval considerations involved in a system of federation, he fully appreciated the great advantages of mutual and organised defence, and he believed that under a well-considered arrangement the colonies would be willing to contribute towards the expenses incurred for joint protection. He alluded with some feeling to the manner in which colonial aspirations and advice had at times been unnecessarily 'snubbed' by certain