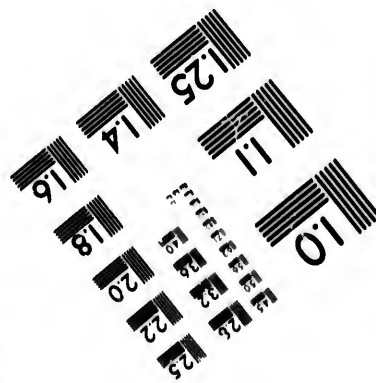
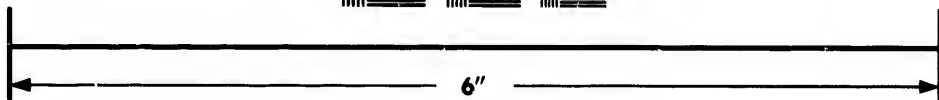
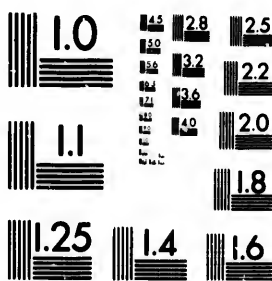


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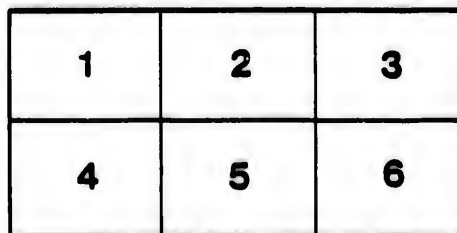
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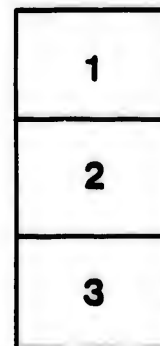
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11.  
**THE CANADIAN TARIFF.**

A PAPER PREPARED BY

**SIR ALEXANDER T. GALT, K. C. M. G.**

FOR THE

**BELFAST MEETING**

OF THE

**ASSOCIATION OF CHAMBERS OF COMMERCE OF THE  
UNITED KINGDOM.**

---

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IMPERIAL HOTEL, BELFAST,  
*August 26th, 1879.*

Dear Sir,

I regret very much that the rules of your Association prevent my offering certain explanations as to the recent Commercial Legislation of Canada. I avail myself, however, with many thanks, of your suggestion that I should communicate a paper on the subject, to the Executive Committee for publication.

I now enclose the outline of the remarks I wished to make, and I shall rejoice if they serve in any measure to remove the dissatisfaction created by some features of the Canadian Tariff.

I remain, Dear Sir,  
Yours very truly,  
A. T. GALT.

TO THE CHAIRMAN OF THE MEETING  
OF THE ASSOCIATED CHAMBERS OF COMMERCE,  
BELFAST.

## THE CANADIAN TARIFF.

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The interest very generally displayed in the recent Commercial Legislation of Canada makes me glad to have the opportunity of meeting the Representatives of the Chambers of Commerce of the United Kingdom. The Canadian Ministers of Canada recently in London have desired me to convey to the Belfast Chamber of Commerce their best thanks for the invitation with which they honoured them, and also to express their very deep regret that public business compelled their return to Canada. The Finance Minister especially regrets that he has lost an opportunity to explain on this occasion and to this distinguished audience, the nature and extent of the changes effected in the Canadian Tariff under his advice.

No one can regret Sir Leonard Tilley's enforced absence more than myself, as you would then have had assurance from the highest authority that in the recent increase of Customs' duties, intentional hostility to British Trade was never for a moment suggested. You would also no doubt have had it authoritatively stated, that if in the preparation of a new and complex classification of Imports, undue pressure had been placed upon any special industry, such pressure would be removed. And he might also have been able to assure you in the name of the people and Government of Canada, that subject to their own pressing necessities, they recognise the plain and obvious duty of treating their own fellow subjects on more favoured terms than foreigners.

If however, I cannot address you with the authority and responsibility of the Finance Minister, I am on the other hand able to speak with greater freedom of the position and policy of Canada, and to unite more fully with you in the discussion of those subjects which are now occupying the minds of thoughtful men, observant of the deplorable depression in the Trading and Agricultural interests of the Kingdom.

In offering explanations respecting the Commercial policy of Canada, I shall not attempt to enter into any special details which would at once occupy too much of your time, and also divert attention from those points which appear to me more worthy of the consideration of such a meeting as this.

It may be sufficient to repeat the statement made by the Finance Minister on introducing his Tariff, that he had invited suggestions from all quarters on the subject and had fairly considered them. Time did not permit of representations being received from England, but I am quite justified in saying that the Government of Canada invite, and will give favourable consideration to any suggestions made in regard to particular industries affected injuriously by the Tariff, and if desired, I shall be happy myself to receive and forward them.

I am not insensible that in much of what I may say my ideas may run counter to the present accepted principles of Trade in this Country, but I count upon your indulgence and patience because I am performing the duty Englishmen always respect, of defending my own Country, and because if what I say be wrong, the best way to correct me is to have the reasons fairly stated and rebutted.

Let me then briefly state the necessity that existed for the increase of import duties by Canada, and afterwards the reasons for adopting the actual course pursued.

The depression in business had for the last three years seriously affected the revenue, and it was found that a deficit existed equal to one sixth of the Customs' receipts. To maintain the national credit, and provide for the public service, additional taxation was indispensable, and as under Confederation all local sources of revenue are at the disposal of the subordinate Provincial Governments, no other mode existed than an increase of Customs and Excise.

While present wants absolutely demanded increased revenue, Canada it must be remembered, has from motives of Imperial policy been now charged with the Government and administration of all the vast British possessions in North America, and the charges for this Service are daily increasing. Canada has in this respect become the Trustee of British interests, and is responsible for a variety of duties which until very recently belonged to the Imperial Government. Her frontier along the United States has been extended from Lake Superior to the Pacific Ocean, 2,500 miles. She has the charge of the numerous Indian tribes of the interior. She has all the responsibilities arising out of the hostile Indians of the United States who have sought refuge within her bounds, requiring a large and ever-increasing Mounted Police, and constant oversight and care by skilled Agents to prevent the outbreak of Indian wars. Beyond all this, Canada has the charge of opening to civilization the far outstretching fertile Prairie Lands of the North West, a district

of more than 1000 miles in length, and nearly half that distance in width, Lands that by the united action of England and Canada ought speedily to become the happy home of the suffering thousands here. These Lands can supply all the food required for this country, and whether it be to make you independent of Foreigners, or to alleviate present distress arising from redundant population, they offer the readiest and speediest resource.

I shall return to this subject again, but my object in this connection is to shew you that the increase of Customs duties, necessary to meet a deficient revenue, was also imperatively called for in the proper discharge of duties more truly in the interests of the Empire at large than of Canada itself. What possible interest can the Fishermen of Newfoundland, the Farmers and Lumbermen of Quebec, the Sailors and Miners of Nova Scotia and New Brunswick, or even the Farmers of Ontario have in the future development of the vast interior of the American Continent, that does not wholly spring out of their character as British subjects, and should not be equally shared by you? Canada's present limited population has been charged with, and has accepted this trust from their fellow countrymen, the cost presses heavily upon them in times of depression, and they have a right to expect generous consideration in regard to the policy of increased taxation on *themselves*, from those who have been wholly relieved of the responsibility which creates these demands.

Claiming then that an increase of Customs' duties had become inevitable, the important question remains, as to the principles that governed its imposition, and whether they justly expose Canadian statesmen to animadversion.

Canada has three great customers, Great Britain, the United States and the West Indian group of Islands. Her Trade with Great Britain has, since 1846, been carried on under the principles of Free Trade on both sides as far as practicable, she has received no advantage over the foreigner in your markets, and on her part she has admitted your products on the closest approximation to Free Trade, which the necessities of revenue permitted. Under Free Trade Great Britain still finds it necessary to raise about thirty millions by Customs, choosing certain Articles for the purpose, while Canada has to raise two and a half millions in like manner. If in the recent Tariff some departure from this policy has been made by Canada, it has entirely been caused by the extreme suffering of certain industries, demanding relief, and rendered irresistible from the policy adopted lately by Canada towards the United States. It is hoped that this state of things may be temporary, and be replaced by arrangements permanently beneficial both to the United Kingdom and to Canada.

You all know that the United States have long pursued a protective policy, but you can scarcely be aware how severely such a policy presses upon the industry of an adjoining Country much weaker in population and wealth. Let me state the

respective courses of these two countries since 1846, when Canada endeavoured to adapt herself to Imperial maxims of Trade. We abolished differential duties in favour of England and of our transit Trade, while the United States maintained their restrictive system. We abolished our Navigation laws, opened our Coasting Trade and Canals to them, while they have never altered the former, and although twice provided by Treaty never yet has a Canadian craft passed through the New York Canals. We admitted their natural products free, they imposed prohibitory duties on ours. We admitted their Fish free, they demanded admission to our fishing grounds, as the price of giving us the same advantage. Such was the condition of things, until 1854 when the Reciprocity Treaty was made under which Free Trade in all natural products was established, with great advantage to both Countries. In 1865, the United States terminated the Treaty, and re-imposed heavy duties on all the productions of Canada. For fourteen years till 1879, Canada maintained her friendly treatment of the United States, she admitted their Corn, Coal, Lumber, Fish and all raw products free, and taxed their manufactures no more than those of England, while every article Canada produced was heavily taxed, her ships excluded from the Coasting trade, and her transit trade embarrassed by vexatious regulations and heavy fees. Until 1874, Canada managed to hold her own under these disadvantages, owing to the excessive inflation of prices in the United States caused by their war expenditure, but when the re-action took place and prices fell, Canada not only found her products excluded by high duties, but also American Goods flooding her comparatively free Markets to the great injury of her own nascent industries, and to the serious diminution of her import of British goods.

The following figures are eloquent :

Imports from Great Britain	1873	\$ 68,522,776
" " " "	1878	37,431,180
DECREASE		" 31,091,596
Imports from United States	1873	" 47,735,678
" " " "	1878	48,631,739
INCREASE		" 896,061
Exports to Great Britain	1873	" 38,743,848
" " " "	1878	45,941,539
INCREASE		" 7,197,691
Exports to United States	1873	" 42,072,526
" " " "	1878	25,244,898
DECREASE		" 16,827,628

Canada thus found the United States not only crippling her industries, and substituting American for British Goods in her Markets, but also refusing to accept her products in payment and forcing her to sell them to England at a serious disadvantage.

For four years this condition of Trade existed amidst the growing discontent of the people, until at the general Election last September the Country almost unanimously pronounced in favour of a change. It has been made first, undoubtedly in the supposed interest of Canada, and next with the view of excluding the Americans from our Markets, until they place our Trade on a footing of reciprocity and fair play : Canada will no longer buy in a Market where she is not permitted to sell.

While the direct trade of Canada with the United States had become thus unsatisfactory ; incidentally their policy had most seriously affected her commerce with her third largest customer, the West Indies.

The interchange of products between Canada, the West Indies and Brazil, has always been regarded as of the utmost importance by the former. She found a market for her lumber, fish, cereals, &c. taking in exchange their sugar, molasses, coffee and tobacco. The traffic was carried on in Canadian Ships, and in many cases led to their employment in other foreign voyages. So long as the public consumed raw sugar and molasses the trade did not fear interruption, but of late years refined Sugars have taken the place of the former, and a Country that desires direct trade with the sugar producing Countries must refine at home ; Canada did so ; until the United States established their system of drawbacks, amounting indirectly to a positive and large bounty. Immediately our refineries closed, and our trade in a great measure ceased. Perhaps we got our sugar a fraction cheaper, but we lost the market for a variety of our produce which we could sell no where else, as the United States would not buy, and there was no other possible Customer ; Canada therefore I must admit, determined to regain her West Indian Trade even at the risk of an absolute disregard of the principles of so called Free Trade, and she is successfully pursuing, and must attain her object.

From the foregoing remarks, you can perceive the state of matters which it was designed to change by the increase of customs duties, and that the course pursued by the United States was really the controlling element. Let me now briefly state the mode adopted by the Legislature of Canada, to remedy the evils complained of. They imposed high duties varying from 30 to 40 per cent on all manufactures peculiarly American ; they also placed duties which may be termed retaliatory, upon the cereals, coal, and lumber of the United States, reserving to the Government, power to abolish them whenever the Americans did the same—they so arranged the sugar duties as absolutely to exclude American refined sugar, and for the purposes of revenue they increased the duties on all imported goods including British, from 17½ to 20 per cent, with the exception of certain classes of manufactures already established in Canada on which somewhat higher rates were imposed, and certain other articles which were

removed from the Free List. Unquestionably, the Tariff must be admitted to be Protective, but it certainly was intended to make it apply, in this sense, as little as possible to Great Britain, and it is hoped that instead of diminishing, it will increase our imports from home by replacing certain classes of American goods by British. There has not been yet sufficient time to pronounce decisively on the mode in which the object has been sought, but I believe there is every reason to expect that in the main it will prove successful. If it presses unduly on any British industry, I repeat that the Government of Canada invite the fullest information, and will consider it with an earnest desire to remove the cause of complaint.

I hope I have not trespassed too long on your patience in setting forth the necessities and influences which have produced the recent Canadian Tariff. The irritation which it has caused is to my mind a much more satisfactory feature, than had it been received with indifference. According to the doctrine of many extreme Free Traders, the course of Canada in imposing retaliatory or protective duties, is only hurtful to herself, and should have called forth expressions of compassion rather than of resentment. But the feeling evoked is widely different, and while I trust to see it wholly removed by frank explanations, yet it forms the strongest evidence that the people of this Country still look to their own Colonies as a field peculiarly their own, and will not lightly surrender the vast empire won by such sacrifices of men and treasure.

Let me ask your attention for a few moments, to the consideration of your Trade with Foreign Nations and with your own Possessions. I take my figures from an admirable Summary of the Trade of the United Kingdom published by Mr. Newmarch last year from the records of the Statistical Society; I state the whole amount of Imports and Exports combined, with the apparent balance against this Country:—

FOREIGN NATIONS	1867	£351	Millions	BALANCE	£81	Millions
	1873	488	"	"	95	"
	1877	444	"	"	173	"
BRITISH POSSESSIONS	1867	105	"	"	13	"
	1873	137	"	"	22	"
	1877	149	"	"	22	"

The figures for 1878 I have not had access to, but they undoubtedly shew no improvement.

These statements are eminently suggestive. They shew that in the good years from 1867 to 1873 your Trade was prosperous in about equal proportions with both classes of Customers, though much better as regards the balances, with your own Possessions. But the significant fact appears that since 1873 your Trade has continued to augment with your fellow subjects abroad, and with still improving balances, while with Foreign Nations it has fallen

off £44 millions while the adverse balance has risen from £95 to £173 millions. In 1877, you bought from your own Possessions £85 millions and sold £63 millions, while from Foreigners you bought £309 millions and only sold £136 millions.

You are all aware that the Home demand for goods has largely fallen off within the last four years : You see that your foreign market has been most unsatisfactory, and is becoming dangerous from the ever increasing adverse balance of Trade, while the only prosperous and improving Trade as shewn by these official figures, is with your own Possessions.

I venture to think that this result should have great weight in considering the condition and prospects of the Colonies, and lead to the study of those measures which may most rapidly increase their power of expansion. One fact may illustrate my position. In the United States each individual buys from you to the extent of about 8/-, while even in the present depressed state of Canada, with our imports from Great Britain grievously diminished, we buy about 40/- per head.

I cannot help thinking that the position of Canada towards the United States, is in many respects analogous to that of Great Britain to the rest of the world. We in Canada have tried for many years a Free Trade system with the Americans, which they have met with hostile Tariffs and exclusion. We fought against it with success while they were revelling in the inflation that accompanied their War, but now that prices are equalised, we find our imports are increased and our exports diminished nearly one half, and painfully and reluctantly we have to relinquish the contest, and admit that we cannot longer endure their competition when they exclude us ; and we are ready to grant more favorable terms to you and others, than we will concede to them.

Great Britain has on a much grander scale pursued her policy of Free Imports, and she has met with the same treatment. Not one Nation has responded ; even her own Colonies, treated no better than foreigners in her markets, give her trade no special consideration or advantage. At this moment the whole world seems bent on excluding her goods, and nowhere but in the Colonies is there even a symptom of satisfactory Trade.

I have no desire to raise questions of abstract Free Trade or Protection ; my design is to point out to this Meeting that the only safe, enduring, and increasing outlet for the products of your industry is in your own Possessions. Thirty years experience has proved, now under circumstances of unexampled trial, that it is in this direction the future greatness of the Empire is to be sought.

I hesitate not to say that Canada would at once grant exceptional treatment to your productions, if you would do the

same by hers. Of one thing I am sure, there is not a Colonist in the British Empire who would not rejoice to see its entire Trade arranged on such terms, as would produce practical Free Trade within itself. Political Confederation of the Empire may be impossible, but Commercial Union is practicable, and can be achieved by British Statesmen whenever they are convinced of its wisdom.

Consider for a moment the importance of dealing in such a manne. with even Canada alone. She has hundreds of millions of acres of the finest wheat and pasture land in the world, waiting to be occupied by the crowded thousands of this Country ; she has the grandest forests, and the most prolific fisheries known ; the mineral treasures of British Columbia equal those of the United States ; while her Government and institutions insure the truest liberty to all. Send out to Canada the suffering Tenant farmers and operatives of England and Ireland—let them raise your supplies of wheat and cattle instead of foreigners, and in return let them buy your goods. No longer look with indifference on the settlement of your emigrants in the United States, remembering that they speedily become your rivals and competitors. And the time is within the lives of those who now hear me when you will have on the Continent of America in the words of the late Lord Lytton "a series of States stretching from ocean to ocean upholding the honour and influence of England."

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