THE POLITICAL SITUATION

A LETTER

TO THE

Honorable JAMES FERRIER, Senator,

BY

SIR A. T. GALT, K.C.M.G.

Montreal:
D. BENTLEY & CO., PRINTERS, 364 NOTRE DAME STREET.

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MONTREAL, *6th September*, 1875.

To the

HONORABLE JAMES FERRIER,

MY DEAR SIR,

In reply to your inquiry whether it were true that I intend to re-enter public life as the nominee for Montreal West of the Liberal Party, and also, to your wish that I should give you my views on existing public affairs, I beg to state, that, while willing, if required, to re-enter Parliament, it would not, according to my convictions of duty, be possible for me to do so, either as a supporter of the present Administration, or as a member of the Opposition under Sir John A. Macdonald.

I continue to belong, with very many others, to that section of the so-called Conservative Party, which regretfully acquiesced in the condemnation passed by the Country upon the late Administration—and I cannot blame those members of our party, who found it their duty to sustain Mr. Mackenzie's efforts to carry on the government, which he would have been utterly unable to do if dependent only on the support of his immediate political friends. The exigency of the hour necessitated a breach in the former party, and had I then been in Parliament, Mr. Mackenzie would have received from me all needful support. This necessity has now passed away, and the Administration must henceforward be judged on its own merits, and not supported from any alleged fear that their resignation

would absolutely restore Sir John A. Macdonald to power. My conviction in reference to this latter contingency is, that notwithstanding the great and acknowledged public services of that gentleman, it is impossible to ignore the circumstances that led to his defeat. I regard his election as leader of the regular Opposition in Parliament as a grave mistake, which tends to perpetuate the breach in the party, and must ultimately lead either to the formation of new party lines, or to the final adherence of many of our friends to the so-called Liberal ranks.

With reference to the views which I hold on public policy, I will now frankly state them; to my own mind they appear of sufficient weight to over-rule all mere party engagements, and I should gladly act with those to whom they may prove acceptable.

Not to occupy space with minor matters, I may say in brief, that the two subjects which must engage the most earnest attention of Parliament are undoubtly the engagements and expenditure connected with Public Works and the measures required to provide for the same, including under this latter head, the Re-adjustment of the Tariff.

Respecting the liabilities of the country, I look with the greatest alarm at their rapid and enormous increase. Commenced by Sir John, and continued and endorsed by Mr. Mackenzie, they are augmenting in a ratio far exceeding any possible growth of our population or resources, and must inevitably soon reach such a point as will grievously press upon our industry. Though expenditure may for the moment add to the business activity of the country, and be useful at a period of serious commercial depression, yet if such outlay be not reproductive at a very early day, it is evident that the taxation incident to it will prove an intolerable burthen.

Much of this proposed outlay has, I fear, reached a point where it cannot be arrested, and, in fairness, this remark must apply to the condition of things which the present Government found on assuming office. But there is one undertaking of stupendous magnitude which may yet be considered as within control. I allude to the Pacific Railway. On this subject, much as I was opposed to the scheme adopted by the late Government, I confess I view with still greater apprehension the present policy, and I rejoice at the partial check it received in the rejection by the Senate of the Esquimault and Nanaimo Railway.

I entirely adopt the views enunciated by Mr. Blake respecting the Pacific Railway and our relations to British Columbia prior to his joining the Government; and if I could reasonably hope that these opinions would henceforward be those of his colleagues, I should on this subject be their supporter and follower. I consider the proposition perfectly monstrous that for the sake of the sparce population on the Pacific Coast the prosperity of the four millions of people east of Lake Superior should be arrested, and their political independence jeopardized. No one who observes the state of the country can doubt, that it is of the last importance Canada should, in its public burthens, afford a marked contrast to the United States. Cheapness is the set-off we have to offer the emigrant against the milder climate of the South. High taxation, which must be by Customs duties, approximates our condition to that of the United States, must exasperate our fellow-subjects in Great Britain, and thus by double action weaken the ties that bind us to the Mother Country and also our inducements to maintain our own system of Government as opposed to that of the United States.

I believe nine-tenths of the people of Canada are convinced that the construction of the Pacific Railway

is at this time, and will be for many long years, wholly unnecessary; they know the cost will be prodigious, and no one fit to govern the country can be ignorant of the fatal consequences of undertaking such an outlay. The frank and honest course is to tell British Columbia that the engagement was improvident, and its fulfilment impossible; to offer reasonable equivalents for its abandonment, and failing agreement, to intimate our acquiescence in her retirement from the Confederation. She cannot complain that the connection has thus far been injurious to her: she would still remain in the Empire, and subject to the Queen. I do not consider between members of the same Empire public faith can be construed to entail the most disproportionate sacrifices by the greater for the less, even if not involving both in common ruin. Public faith, in my opinion, is in a much more sacred way pledged to the public creditor, and it is certain that an enormous increase of debt, attended by exhaustive taxation, would most seriously affect his position.

It is, however, certain that even were the Pacific Railway disposed of, the other engagements made and pledges given respecting the Canal system and other works will task all the resources of the country for years to come. And we are brought to face these liabilities with depressed trade and industry, and consequently a failing revenue. The problem is not an easy one, and as increased taxation appears inevitable, the readjustment thereof becomes the leading question of the day.

Free Trade and Protection, as abstract principles, are both alike inapplicable to Canada, from its situation and circumstances. Without entering upon any argument on their merits, it may be sufficient to point out that Thorough Protection would certainly sever the connection with Great Britain,—destroy our principal

source of revenue, and thus induce direct taxation: while Perfect Free Trade would annihilate many valuable branches of industry, and necessarily cause the immediate substitution of direct taxes in lieu of Customs duties, to an extent that, in my opinion, would be unbearable.

Though a Free-Trader theoretically myself, I have always recognized the necessity and advantage of adapting the application of principles, in themselves sound, to the circumstances of our country, the habits of our people, the conditions of our climate, and our political relations to Great Britain and other countries. My views on this subject have ripened, but have been in no respect changed since, in 1859, I then arranged the Tariff, and subsequently modified it in 1866. The Policy adopted then, and which to a large extent remains in force still, was popularly known as Incidental Protection, though it might more appropriately have been termed Modified Free Trade.

Under this system of revenue, it is well known that our manufacturing interest has grown to its present considerable proportions; and it is in the same direction I consider a Re-adjustment of the Tariff should now be made. Sixteen years have, however, elapsed since that Tariff was passed, and within that period much has occurred to render a thorough revision necessary. Our Confederation now embraces a vastly greater and more varied area,—our relations to Great Britain are happily unchanged commercially; but as regards the United States, their Civil war, with its results upon the taxation and currency of that country, have caused most material changes, which may require corresponding legislation on the part of Canada.

Without presuming to anticipate the direction of specific action, I think that it is the duty of our Parliament broadly to lay down the rule that in the imposition

of duties to be paid by our own people, the interests of Canada should be the ruling consideration. We cannot and ought not to ignore the interest which our fellow subjects elsewhere have in our revenue policy. But as regards the United States I frankly declare that they ought to be dealt with in the same purely selfish spirit with which they treat us.

For my part, I am heartily tired of efforts at conciliating the United States commercially—they meet with no response, and even existing Treaties and laws are administered by them in a spirit of petty but vexatious exaction. I trust that henceforward, the sole consideration will be how our Trade legislation is to affect ourselves. Possibly this course may produce a wiser policy on their part, more worthy of a great commercial nation.

I do not myself attribute the present industrial depression to any special cause within the power of our Legislature to remove; it is doubtless the result in great measure of over production elsewhere and among ourselves. But it is certainly the duty of the Government to examine the allegations of the sufferers most carefully with a view to their relief if practicable. And should such relief take the form of differential duties against the United States, I unhesitatingly adopt the position, that we have a distinct and inalienable right to impose such duties if we choose. On this point I will repeat the terms in which I expressed the sentiments of the Canadian Government in answering the remonstrances of the Secretary of State for the Colonies, on the Subject of the Tariff of 1859.

"Respect to the Imperial Government must always "dictate the desire to satisfy them that the policy of "this Country is neither hastily nor unwisely formed, "and that due regard is had to the interest of the "Mother Country as well as of the Province. But the

" Government of Canada, acting for its Legislature and
" people, cannot, through those feelings of deference
" which they owe to the Imperial authorities, in any
" manner waive or diminish the right of the people of
" Canada to decide for themselves both as to the mode
" and extent to which taxation shall be imposed. The
" Provincial Ministry are at all times ready to afford
" explanations in regard to the acts of the Legislature
" to which they are party—but, subject to their duty
" and allegiance to Her Majesty, their responsibility in
" all general questions of policy must be to the Provin-
" cial Parliament, by whose confidence they administer
" the affairs of the country. And in the imposition of
" taxation, it is so plainly necessary that the Administra-
" tion and the people should be in accord, that the
" fôrmer cannot admit responsibility, or require appro-
" val, beyond that of the local Legislature. Self-govern-
" ment would be utterly annihilated if the views of the
" Imperial Government were to be preferred to those
" of the people of Canada. It is, therefore, the duty of
" the present Government distinctly to affirm the right
" of the Canadian Legislature to adjust the taxation of
" the people in the way they deem best—even if it
" should unfortunately happen to meet the disapproval
" of the Imperial Ministry. Her Majesty cannot be
" advised to disallow such acts, unless Her advisers are
" prepared to assume the administration of the affairs
" of the Colony, irrespective of the views of its inhabi-
" tants. The Imperial Government are not respon-
" sible for the debts and engagements of Canada,
" they do not maintain its Judicial, Educational,
" or Civil Service, they contribute nothing to the
" internal government of the country; and the Pro-
" vincial Legislature, acting through a Ministry directly
" responsible to it, has to make provision for all these
" wants; they must necessarily claim and exercise the
" widest latitude as to the nature and extent of the
" burdens to be placed upon the industry of the people.
" The Provincial Government believes that His Grace
" must share their own convictions on this important
" subject, but as serious evil would have resulted had
" His Grace taken a different course, it is wiser to
" prevent future complication by distinctly stating the

" position that must be maintained by every Canadian " Administration."

The above declaration was universally accepted as the sense of the country when submitted to our Parliament, and should in no respect be weakened or departed from, especially with our increased responsibilities, and still larger assumption of Imperial duties.

I trust you will find the foregoing remarks sufficiently explicit on the present condition of public affairs. I have only to add that the strength of my convictions on these subjects is such that I could not lightly consent to endorse the views either of the present Government, or of the opposition so far as either are yet known.

Believe me.

My dear Sir,

Yours very faithfully,

A. T. GALT.