

and memoranda, which are merely an expression of their own views, and which it was very desirable should be laid before the Imperial Parliament. It seems to be imagined by some that there has been an attempt to create a belief that discriminating duties had been imposed against the United States, but no such term can properly be applied. A discriminating or differential duty is where one rate is placed upon a given article imported from one country and a different rate on the same article when imported from another. Our tariff imposes precisely the same rates on woollens, cottons, iron and hardware, &c., whether imported from England; the United States or elsewhere, but there is no doubt that the duties are higher in proportion on lower-priced woollens and cottons than on the higher-priced descriptions, and that these latter are imported chiefly from England, and will continue to be so imported under the new tariff. It cannot be denied that in some descriptions of woollens, chiefly low-priced goods, the duty is high, and it seems probable that domestic manufactures may replace those of the Mother Country, but it is equally beyond doubt that the trade which will be chiefly discouraged will be that which is carried on with the States. We publish the despatch of the Governor General:

I have the honor to state:—

That after six years of prosperity, viz., from 1867 to 1873, which has been called a time of inflation, there was in one year, 1871-72, a surplus in the Treasury amounting to \$3,000,000, and in another, 1870-71, nearly \$4,000,000, and that a reaction of financial depression has followed; and since 1875, although additional taxation has been resorted to by Mr. Mackenzie's Government, there have been deficits in 1875-6, of \$1,900,785; in 1876-7 of \$1,460,027; in 1877-8, of \$1,128,147; and in the first half of 1878-79, of about \$800,000 or more.

That the excise and customs receipts, although population has increased, have given diminishing returns, and have declined in value as follows:—Excise from \$5,594,903 in 1873-4, to \$4,858,671 in 1877-8, while the customs receipts have decreased from \$15,351,011 in 1873-4 to \$12,782,824 in 1877-8.

Stamp duties (in Canada Bill Stamps only) have also yielded less. The results, comparing the periods of 1873-4 and 1877-8, being as follows:—

\$2,568,187.....	Customs.
736,232.....	Excise.
43,738.....	Bill Stamps.

Making in all a decrease of \$3,348,157 in the revenue of 1877-8, as compared with that of 1873-4 from the income derived by taxation.

That the fixed charges for debts, etc., to the provincial Governments have increased from \$10,255,798 in 1873-4, to \$11,659,523 in 1877-8; an addition of \$1,403,725, which being a fixed charge can-

not be reduced, while the subsidies have only decreased \$280,000.

That the Dominion of Canada is liable for Public Works on the 1st July, 1878, as follows:—

(a) For completion of Lachine and Welland Canals....	\$5,500,000
(b) The construction of the Pacific Railway from Lake Superior to the Red River.....	6,000,000
(c) For construction of the branch from French River on Lake Huron to Pembroke.....	2,500,000

Making a total of.....\$14,000,000

In addition to the liabilities for the construction of Public Works, Canada will have, during the next few years, to provide in England for the following maturing debts:—

In 1880, \$6,665,813; in 1881, \$1,321,300; in 1882, \$2,641,626; in 1883, \$1,639,580; in 1884, \$1,305,240; and in 1885, \$32,467,665.

That in consequence of failure in revenue, and having to provide for the public service, interest on debt, etc., etc., at least \$2,000,000 must be obtained by the new Budget to meet existing deficiencies.

The present Government were returned by the a large majority in September, 1878. The issue at the general elections being revenue *versus* a protective tariff.

A protective tariff, in order to encourage the industries of the Dominion, was advocated by the leaders of the then Opposition; and the Government they have since formed do not desire to avail themselves of direct taxation.

They also desire to point to the very hostile action of the American Government towards the Dominion of Canada in all matters relating to tariff; and to the fact that manufacturers in the United States have established combinations under such perfect organization that should any special industry arise in Canada the Canadian market is at once flooded with a corresponding article of American produce, sold below value; the effect of such combination being equal to that which is produced by a Government bounty.

I have, &c.,

(Signed) LORNE.
The Right Honorable
Sir M. E. Hicks-Beach, Bart.

THE GRAND TRUNK RAILWAY.

We noticed in our last issue the successful termination of the negotiations between the Dominion Government and the Grand Trunk Railway Company for the acquisition by the former of the Rivière du Loup line. Sir Henry Tyler, president, and Sir Charles Young, vice-president, of the Grand Trunk Company, are at present on a tour in Canada, having paid a short visit to New York en route. As customary with our neighbors, Sir Henry Tyler was interviewed by a representative of the *Graphic* newspaper, to whom he furnished a copy of his late speech addressed to the stock and bondholders of the Company at the Commer-

cial Hotel, London, on the eve of his departure. Sir Henry appears to have submitted to a long cross examination on the policy of the Company, and on that of Mr. Vanderbilt, which cannot but be interesting to Canadians, to whom the success of the Grand Trunk Railway is most important. It is already well-known to our readers that Mr. Vanderbilt purchased last year the control of the Michigan Central Railway, the main connection of the Grand Trunk with Chicago, and that the consequence has been a considerable diversion of traffic from the Grand Trunk. The same capitalist also bought a controlling interest in the Chicago and North Western; and we learn from the statements made by Sir Henry Tyler that the Grand Trunk was thereby deprived of half the tonnage, and two-thirds of the receipts, obtained for that railway in the corresponding period of last year. In short, as matters stand at present, Mr. Vanderbilt appears to have succeeded in his bold policy of obtaining a considerable portion of the traffic of the Grand Trunk. Sir Henry Tyler is of opinion that the Great Western Railway has likewise been placed in a position of great peril by the Vanderbilt purchase of the Canada Southern and Michigan Central, and that it would appear to be more than ever desirable that the two Companies should unite their forces for the purpose of resisting the hostile action and injudicious influence of their late ally. He maintains that, if they had been inclined to unite, they might years ago have made a profitable arrangement with the Michigan Central, and they would not now be under the necessity of seeking independent access to Chicago. We infer from the statement of Sir Henry Tyler that one object of his visit is to endeavor, and, if possible, in concert with the Great Western, to obtain access to Chicago by some means, and it may be a matter of great importance in the carrying out of this object, that the sale of the Rivière du Loup branch to the Government has been effected. Sir Henry, as might have been expected, states that the duty lately imposed on coal will be a heavy addition to the cost of fuel, and go far to prevent the further economy which it had been expected to show in the next half-yearly statement. With regard to the effect of the regulations prohibiting the importation of cattle, we shall quote Sir Henry's own words:

"Does the Grand Trunk Railway feel serious effects from the recent prohibitory orders of the British Government in regard to the transportation of cattle?"

"Yes, very serious. I may give you an idea of the magnitude of this traffic by