

from the evidence before them, that the opinion of the petitioners with respect to the impending change in the Timber Duties, is shared by the people of Canada at large, or by their representatives, who, on the contrary, appear to have evinced their intention to abandon reliance upon the artificial advantages which protective laws confer, and to place it upon the natural and permanent guarantees afforded by the resources of the Province, and the energy of its inhabitants.

Her Majesty's Government must seriously doubt whether, if the allegations of the petitioners were made good in their whole extent, with respect to the disadvantages entailed upon the Province by distance from England, by the dangers of the St. Lawrence, and the suspension of the navigation during a portion of the year, and by the inferior quality of Canadian timber, circumstances would have the effect of producing the conviction at home that the measure now under discussion should be either qualified or abandoned, as it would certainly show that the present system could only be continued at a very heavy cost to the nation.

But her Majesty's Government do not share in the belief of the petitioners in the existence and in the force of these disadvantages. They cannot forget the predictions—the confident and, without doubt, sincere predictions—of ruin which attended the progress of the measures of 1842, nor can they fail to contrast with these predictions the great subsequent extension and the apparently flourishing condition of the trade at the present moment.

With respect, indeed, to the distance which undoubtedly affects the competition of Canadian timber with that of the Baltic, her Majesty's Government have not failed to make what they deem to be a sufficient provision, all things considered, for the change which it entails, by proposing to retain a protective duty of 15s. per load on foreign woods; and inasmuch as they can by no means admit that it is the proper office of commercial laws to attempt in general to secure to places which are remote all the advantages of proximity, they trust the petitioners will recognise in the plan as it actually stands a proof of their great anxiety to give every just consideration to the claims of the parties engaged in the trade of the Colony, so far as its interests may be conceived to be affected by the question.

Her Majesty's Government look forward to an active competition under the law as it is proposed that it shall stand, and a competition by no means unfavourable to the timber and deals of Canada. Nor is it competition alone which her Majesty's Government anticipates. On the contrary, they conceive, as Mr. Gladstone has already had occasion to state to his Excellency, that to no inconsiderable extent the consumption of the Baltic timber is actually auxiliary to the demand for that of Canada, and therefore that to this extent a measure which cheapens the first is likely to cause positive improvement in the market for the last.

For these reasons, which Mr. Gladstone considers needless to pursue into further details, and for others to which he has thought necessary on this occasion to refer, her Majesty's Government have been unable to advise her Majesty to assent to the prayer of the petitioners.

I have the honor to be, sir,

Your most obdt. humble servant,
(Signed) J. M. HIGGINSON.

The President of the Board of Trade, Quebec.

LAKE ST. PETER.

The Government have at length received Capt. Bayfield's report on the deepening of Lake St. Peter; and, in accordance with its recommendation, orders have been issued to proceed with the straight channel.

We regret that such has been the result of Capt. Bayfield's investigation, because we are of those who believe that the deepening of a straight channel will cost a much larger amount of money than is compatible with the present revenue of the province; and further, that, when finished, it will not be as useful to the trade as the old channel (yet untouched) would be with 156 days' work, for which the grant made last session would be sufficient. Supposing all the money to be granted by the Legislature for the continuance of the works in the new channel, it will be at least two years before it is opened to the trade, and then, when open, it will only be a channel of 150 feet wide, which cannot be considered a safe channel for ships, even in daylight. Under the circumstances, we may fairly ask, whether Capt. Bayfield was the proper person to have been consulted on this question? We certainly think not. That gentleman was already committed in an opinion in favour of the new channel, and therefore could scarcely be considered unprejudiced. We say this, of course, without wishing to impute any unworthy motive to Capt. Bayfield, who is, we feel assured, a most honourable man; but in a matter of so much importance, on which the fate of this commercial city hangs, there should not be the ground for even a suspicion.

We are aware that it requires no ordinary courage to recommend a course which involves a sacrifice of a sum of £10,000, already laid out; but great as that sacrifice may seem, we believe that such would be infinitely the wisest and most economical course.

It is stated in the Gazette, that Capt. Bayfield expressed a doubt, or something more than a doubt, whether, had correct data been laid before him, he could have originally advised the commencement of the new channel, and this admission more than justifies the opposition which has been offered to the formation of the new channel, and bears out the opinions expressed by Mr. Atherton (now engaged by the Government at home), Capt. Boxer, Messrs. Williams and Petrie, and other practical men.

A DIALOGUE ON FREE TRADE.

[We give the following dialogue, which has been furnished to us by a correspondent, rather as an example of the way in which indirect taxation works, than as an illustration of the particular protection referred to. The writer, in truth, has fallen into an error in supposing that all the duties included in his list are protective duties; whereas, the fact is, that a considerable number are revenue duties, from which the farmer could not escape if he would. The objection to the provincial duty on live stock is, that it is a tax imposed at the expense of the rest of the community, and that the injurious effects produced by it are not compensated for by the benefit derived by the farmer himself. That the latter does not receive the whole amount of the protection into his own pocket, a very little enquiry will shew, as it also will that the public are taxed to infinitely more than the amount received as duties. If to that amount were added the cost of keeping up customs' houses, and paying the salaries of officers, it would be found that the country was very heavily taxed indeed, and thus in order that the farmer may receive an advantage to which he can make out no good claim, and the conferring of which is at variance with the general policy and interests of the country. The whole amount received under the Act 7 Vic., last year, was £1587 2s 7½d, and to afford this extent of protection, the country was put to many thousand pounds of expense, a portion of which expense would, as a matter of course, fall on the farmer's shoulders. In one respect, it is true, this tax is more rational than the one imposed on wheat. There is no doubt that it does have the effect of raising the price of the article itself, which, in the other, it does not. The reason of this difference arises from the fact, that in the one case it is the price in the local market which rules, whilst in the other, it is the value of the surplus portion in the foreign market which determines the amount received for the whole. The tax on live stock is, therefore, an absolute tax on the community for the benefit of the farmer, whilst that on wheat is an absurd restrictive law, which interferes seriously with the trade of the country, without affording the least benefit to any one. Both are opposed to the general interests of the community, and both must be swept away.]

Although faulty as illustrating this particular protection, our correspondent's calculation is, we repeat, important, as shewing the manner in which indirect taxation works, and the interest the farmer has in the abolition of the differential duties, and an alteration in the navigation laws, by which the price of everything he consumes is increased. If the operation of those acts could be traced, there can be no doubt that the protection the farmer now receives on his cattle and his stock, would totally disappear, and leave him minus the sum shown in the above table. But as that calculation itself stands, it is liable to this grave objection, that it makes no allowance for the five hundred thousand pounds revenue which has to be provided, and must be provided for by taxation, in some shape or other.]

DIALOGUE ON FREE TRADE BETWEEN TWO FARMERS OF THE EASTERN TOWNSHIPS.

Hardy.—Well, neighbour Thrift, what did you get for the yoke of fat oxen you took to Montreal?

Thrift.—Eighteen pounds each. They were first-rate cattle, and brought me a good price. Talk of your Free Trade! Do you think I should have realized £36 for my oxen, if the Free Trade gentry had their moonshine manufactured into law? No, sir; let me tell you, protection is the only thing for the farmers, and the country will be ruined *sartin* if the duty on live cattle is ever taken off.

Hardy.—I'm of a different opinion: I think that protection is injuring the country; and perhaps I may be able to shew you that it has injured you, even in this fat-cattle transaction we are now talking about. Did you bring home the cash received?

Thrift.—Not a penny. Wife bought all her notions, and I laid in my winter clothing, groceries, &c., glass and nails for my new house, and linseed oil for painting it.

Hardy.—Well now, there's a kink to be straightened about these purchases. Protection is a rule that works both ways: while it puts a tax on the importation of live cattle, it also puts a tax on the importation of every necessary of life a farmer purchases. Now, let us calculate how much tax you paid on your purchases in Montreal.

Thrift.—Very well; here are the accounts;—go to work.

Mr. Hardy makes up the following statement, and then addresses his neighbour—

Now, neighbour Thrift, there are the figures: judge for yourself. You'll see by that statement how far protection has benefitted you:

ARTICLES.	£.	s.	d.	Imperial Duties.	Provincial Duties.	s.	d.
Woolens,	6	10	0	7 per cent.	5 per cent.	15	7
2 pairs Men's Boots,	1	10	0	7 per cent.	5 per cent.	6	13
Cotton Goods,	4	16	0	7 per cent.	5 per cent.	11	6
Coffee, ground, 11 lb a 3d,	0	10	6	5 per cent.	10 per cent.	5	2
Codfish 1 cwt,	1	0	0	2 per cent.	1 per cent.	2	2
Sugar, 56 lbs a 46s 8d,	1	3	1	5 per cent.	10 per cent.	6	3
1 box Soap, 11½ a 3d,	1	8	0	7 per cent.	5 per cent.	3	5
Molasses, 5 gals a 1s 6d,	0	8	1	3 per cent.	15 per cent.	1	4
Linseed Oil, 10 gals a 3s 1d,	1	10	10	4 per cent.	20 per cent.	1	10
1 Set Harness (wt 20 lbs),	10	0	0	4 per cent.	11 per cent.	10	6
Calf Skin, 30 lb a 1s,	2	0	0	4 per cent.	30 per cent.	4	11
Sole Leather, 30 lb a 1s,	1	10	0	4 per cent.	15 per cent.	4	11
Glass, 100 ft a 30s,	1	10	0	15 per cent.	5 per cent.	6	0
Nails, 1 cwt a 21s 3d,	1	3	0	7 per cent.	5 per cent.	2	7
3 Loaves refined Sugar, 30 lbs a 1s 1d,	1	1	3	20 per cent.	20 per cent.	9	3
	36	0	0			4	11 9½
Protection on two fat Oxen,						3	0
						1	11 9½