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## BENEATH THE WAVE.

This interesting story is now proceeding in large instalments through our columns, and the interest of the plot deepens with every number. It should be remembered that we have gone to the expense of purchasing the sole copyright of this fine work for Canada, and we trust that our readers will show their appreciation of this fact by renewing their subscriptions and urging their friends to open subscriptions with the NEWS.

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## CANADIAN ILLUSTRATED NEWS.

Montreal, Saturday, March 22, 1879.

### THE BUDGET AND THE TARIFF.

Although this is not a political, and much less a commercial paper, we cannot overlook one of the most important political and commercial events which have taken place since the establishment of Confederation. We refer to the Budget speech delivered by the Hon. Mr. TILLEY, on Friday, the 14th inst., and the Tariff which he simultaneously communicated to the House. Outside of other matter of a lighter and more readable character, we deem it right to lay before our readers a full summary of the financial statement of Mr. TILLEY, in order that it be understood as a comprehensive whole. After contrasting the present state of the Dominion exchequer with that of 1873, and the relative conditions of the country during those two periods, the Hon. Minister went into a thorough explanation of the manner in which he conducted the late loan of £3,000,000 sterling on the London market. He then entered fully into the matter of the Budget. He found that the estimates of revenue for the current year was \$21,620,000, leaving a deficit of \$2,400,000. The meeting of this deficit formed one of the bases of the financial modifications which he contemplated. The other basis was the protection of the industries of the country. In other words, the new tariff was intended both for revenue purposes and for the development of a National Policy. In so far as it must be admitted that the Government have attempted to redeem the pledges made to the country during the elections. Another feature of the tariff laid down by Mr. TILLEY was that where discrimination was found necessary it would be in favour of Great Britain and against the United States, not, indeed, in a hostile spirit, but as paving the way to a reciprocity treaty. Indeed, the Government intend signifying publicly by resolution that so soon as the United States relax their duties on any article, Canada will be prepared to do the same. The promotion of foreign trade, with the view of increasing our exports, is another prominent element in the policy of the Government, and negotiations have already been successfully conducted, through no less a man than Sir ALEXANDER GALT, to widen our relations with Spain and France. The revival of the sugar trade will reopen communication with the West Indies, while the re-imposition of the 10 per cent on teas will favour a return to direct importation from China and Japan. The undervaluation of American goods entered here has likewise attracted the attention of the Government, and we are glad to

see that experts will be appointed to insist on all goods being entered at the cost of them, or the nearest price of them in the nearest market or place of business abroad.

Coming down to particulars, we find the heaviest duty laid upon coal. This is 50 cents. That is intended to secure for Nova Scotia almost 400,000 tons of the 900,000 of coal annually consumed in the Dominion, representing a sum of one million and a half of dollars. Perhaps there was no point more difficult of solution than this of the duties on coal, and we may only hope that the best has been done in the premises. In the matter of spirits the Government seemed to have been guided by the principle of favouring malt above spirituous preparations. Hence the excise duty on spirits is increased and the excise on malt liquors decreased. On the same principle, French light wines will be taxed only 25 cents per gallon, while champagnes will stand as high as \$3 per dozen.

The iron mines and manufactures of the country have received particular attention as they deserved, being with coal the main inews of a nation's commercial strength. The geological surveys show conclusively that we have immense iron deposits not only in Nova Scotia, but in Ontario, the Ottawa Valley, New Brunswick and the Province of Quebec. To foster the development of this mighty interest, a duty of \$2 per ton is levied on pig iron. The production of the coarser kinds of woollens is encouraged by a duty graduated according to the capacity of the country for producing such articles. In regard to that article of prime necessity—sugar, the *ad valorem* duty was considered the best one to adopt in most cases. This is well known to be a very intricate question, and we have no doubt that Mr. TILLEY has given it all due attention. The duty on all sugars above No. 14 is one cent per pound and 35 per cent. *ad valorem*. Thus the difference of duty is five per cent. in favour of the refiners. As to tea, the 10 per cent. differential duty is reimposed on tea imported from the United States, the specific duty is reduced 3 per cent. per pound and an *ad valorem* duty of 10 per cent. imposed, making the whole duty what it was formerly—5 cents per pound on black and 6 cents per pound on green and Japan teas. The shipping interest has obtained signal favour. All vessels built in Canadian yards are treated as manufactures for export—that is, the material used is free of duty, and a further duty of 10 per cent. is imposed on all foreign-built ships registered in Canada. Negotiations are being carried on with the view of admitting Canadian-built ships into France on the same terms of those of the United Kingdom. We see that the principal objections to the tariff so far come from the millers, who complain that the duty on wheat is comparatively higher than that on flour. The objection appears plausible, inasmuch as a barrel of flour is estimated to equal five bushels of wheat, and thus the quantity of wheat necessary to produce a barrel of flour would be 75 cents, while the duty on flour is only 50 cents. Should this objection be maintained, there is reason to believe that it will meet with due consideration when the matter comes up for final settlement in Committee. The publishing and printing trades have their materials thus distributed: Periodicals and pamphlets, not being foreign reprints of British copyright works, nor blank account books, nor copy books, nor books to be written or drawn upon, nor reprints of books printed in Canada, nor Bibles, prayer books, psalm and hymn books, 6 cents per lb. British copyright works, 12½ per cent. *ad valorem*, and 6 cents per pound. Books, pamphlets, &c., Bibles, prayer books, and psalm and hymn books, *ad valorem*, 5 per cent. Books, periodicals, and pamphlets imported through the Post Office, for every two ounces in weight, or fraction thereof, 1 cent. Blank books, bound or in sheets, *ad valorem*, 25 per cent. Newspapers coming by mail, free. Printed, lithographed, or copper or steel plate bill heads, cheques, receipts, drafts,

posters, cards, commercial blank forms' labels of every description, advertising pictures, or pictorial show cards or bills, 30 per cent. Maps and charts, *ad valorem*, 20 per cent. Advertising pamphlets, per hundred, \$1. Music printed, bound, or in sheets, 6 cents per pound. Bookbinders' tools and implements, including ruling machines, *ad valorem*, 15 per cent.

We cannot do better, in conclusion, than quote the eloquent peroration of Mr. TILLEY, in which he not only summarizes the great work which he has undertaken, but expresses sentiments of confidence in the future destinies of Canada, which must find a response in every Canadian heart: "I think it will be admitted that we have dealt with the mining interests, with the shipping interests indirectly, with the lumber interest, and with very many interests without touching heavily upon any other industry. We have arrived at the time when it becomes necessary for this country and this Parliament to decide whether they are to remain in the position we now occupy, with the certainty that in two years with the existing laws on our statute books, every manufacturing industry of the country will be closed up, and the money invested in it lost, or whether we are to protect ourselves and prosper. The time has arrived when it will become our duty to decide whether the thousands of men throughout the length and breadth of this country that are unemployed, shall seek employment in another country or find it here. The time has arrived when I think we should decide whether we will be simply hewers of wood and drawers of water, whether we will be simply agriculturists raising wheat, and producing more lumber than Great Britain will require or the United States will take from us at remunerative prices; whether we will confine our attention to the fishing interests, and not rise to what we are destined to be under wise and judicious legislation, or whether we will inaugurate a policy which shall say to the manufacturing interests of this country: 'We will give you encouragement and protection. We will give you our home market for what you produce?' which shall say to the agricultural interest that so long as our neighbours maintain a Chinese wall against us, we will impose a duty upon their agricultural products coming into this country. We will maintain, as far as possible, for our own natural products, the market of the Dominion. I think the time has arrived when we should decide whether we will allow matters to remain as they are, with the sure result of our degenerating into an unimportant and uninteresting portion of Her Majesty's Dominion, or whether we will rise to the position which I believe Providence has designed us to occupy, and which I believe, though I may be over sanguine, which my colleagues believe, though they may be over sanguine, and which the country believes, we can attain by adopting a policy which will promote the prosperity and happiness of the people, and give employment to thousands who are unemployed, and make this a great and prosperous country, as we desire and hope it will be."

### THE SEAT OF GOVERNMENT.

(FROM OUR SPECIAL CORRESPONDENT.)

OTTAWA, March 15, 1879.—The Royal Standard of England again gaily floated in the breeze from the flag-pole on the top of the great tower of main Parliament building on Wednesday, in honour of the marriage of Prince Arthur, thus reminding us of the presence of a daughter of the Royal house among us, and an auspicious event for that house.

The Letellier debate commenced on Tuesday. Mr. Mousseau opened the battle by a very long, elaborate, and able speech in French, in which he reviewed the whole history of the case, and contended that the facts justified the terms of his resolution, to the effect that the Lieutenant-Governor's action was subversive of the rights of Ministers under Responsible Government. Mr. Mousseau necessarily went over the beaten ground to establish his position; and he contended that the only adequate punishment for Mr. Letellier's offence was dismissal. The effect he produced was so great that the galleries even could not refrain from joining in the cheers

which greeted him as he sat down. Mr. McCarthy, who seconded the motion, also followed in a very elaborate speech, which did not, however, I must say, in my opinion, meet the reputation which had gone before this gentleman as one of the rising hopes of the Ontario Conservatives. He made, in fact, no special or new point in the debate. At the conclusion of his speech both Messrs. Mackenzie and Ouimet rose at once. But the latter appears to have first caught the Speaker's eye, having been declared to have the floor. The use he made of this position was not to deliver a speech, but to move the "previous question." He explained that his object in doing this was not to stifle debate, but to prevent any amendments from being moved, so as to get a straight vote on the resolution of Mr. Mousseau. Mr. Mackenzie now arose in wrath, and declared that Mr. Ouimet was a worthy instrument to play a trick of that sort; and further, that it was not a trick which should have been played by a strong Government. He contended that the House ought to have been left free to offer amendments; and that the Government itself had been guilty of cowardice in relegating its own proper duty on this question to the back benches. If, he exclaimed, Mr. Letellier had been guilty of unconstitutional proceedings, in the opinion of the Government, it was its duty to have taken the responsibility of removing him, and to have explained to Parliament its reasons. For the rest, the ex-Premier took precisely the same ground, as respects Mr. Letellier himself, that he did before the elections. He carefully refrained from expressing any opinion on the merits of the action of His Honour—a course which I have always thought left him unkindly in the cold. The reason is that which I before stated to you: the Liberals do not approve of Mr. Letellier's proceeding; on the contrary, they find it "high handed." Mr. Mackenzie's further argument was that Mr. Joly's Ministry had assumed the full responsibility for the Lieutenant-Governor's action, and that it had been sustained on an appeal to the people, as was indubitably demonstrated by the fact that that Ministry is yet in power, and had its supplies voted by the Legislative Assembly of Quebec. Mr. Mackenzie also contended that the question was purely provincial; that it should be left to the action of the free institutions of the Province to decide; and that any attempt to interfere by that Parliament would be a serious blow to the autonomy of the Provinces. This sketch gives, as fully as the space at my disposal will permit, the scope of the ex-Premier's argument. I may add that he seemed to speak with unusual vigour and bitterness. Mr. Mackenzie was followed by Mr. William McDougall, and he furnished the House with a surprise. He spoke against the resolution, and, by implication, condemned the Government. He found the conduct of the Lieutenant-Governor wrong—in fact, unconstitutional; but that the House of Commons should not interfere in the matter, the right to do so being invested, by the Constitutional Act, in the Governor in Council. He found, moreover, that Mr. Letellier had been already tried, and acquitted, and that he should not be placed in jeopardy again. He also very strongly warned the French Canadians to beware of the precedent they were establishing; and reminded them that the time might come when they would look with a different eye on interference of the House of Commons with their Provincial rights. Need I say how loudly the Opposition cheered, and how bright they looked when these sentiments were uttered by Mr. William McDougall, who had been Sir John's companion in many a picnic campaign last summer, and who gained his election under the folds of the Conservative banner? But the fun on this point did not culminate until the next evening, as I will shortly show.

Mr. Thomas White moved the adjournment, and had the floor to open the debate on Wednesday. This may be called the maiden speech in Parliament of the new member; it was, at least, his first set speech, and it was marked by the fluency, the readiness and the industry which are known to belong to him. I cannot follow him through his argument; but I may say that he made points which were worthy of notice. One, as respects the right of Parliament to deal with the question, was that the House had a right to do what the Ministry had, as the Ministry were a mere Committee of the House. And in answer to the taunt that the Government should have itself taken action, he pointedly contended that the Ministers were in a sense the servants of the House; that the House had, before the elections, passed upon the question; and that until the House itself had reversed that action, it was not proper for the Ministers to act. I did not notice that this point was met during the debate. Another point he made was, that it was absurd to say the terms of the resolution did not declare that His Honour's action was unconstitutional, as what was subversive of the rights of Ministers under responsible Government was certainly unconstitutional. But, outside his argument on the merits of the question, he swooped down on Mr. William McDougall. He did not call him "Wandering Willie," as the Grits in their rage and spite so often have done. But he spoke of him as "standing on that lofty pedestal to which his wanderings had at last brought him!" This was nuts for the Grits, and they looked even brighter than the night before, when Mr. McDougall's speech made a surprise; but the face of Sir John during this while wore an anxious look. It was execution being done on a very able follower, who, probably, after all, might not have gone very far from the fold.