

GOVERNOR-GENERAL THE MARQUIS OF LORNE, K.T., to the RIGHT HON. SIR  
MICHAEL HICKS BEACH, BART. (Received April 1, 1879.)

Canada Government House, Ottawa,  
March 19, 1879.

SIR,

In transmitting herewith—

- 1st. A printed copy of the new tariff;
- 2nd. The speeches of the Finance Minister in introducing his budget, and the reply of the Hon. R. J. Cartwright, late Finance Minister, as well as the speeches of the Hon. A. Mackenzie and the Hon. C. Tupper;\*
- 3rd. The leading articles of the Ministerial and Opposition press;\*
- 4th. A memorandum by the Finance Minister, showing how far comparatively England is favoured in the new tariff;

I have the honour to state:—

That after the 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 had been resorted to by Mr. Mackenzie's Government, there had been deficits in 1875-76 of \$1,900,785, in 1876-77 of \$1,460,027, in 1877-78 of \$1,128,147, and in the first half of 1878-79 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 1873-74 to \$4,858,671 in 1877-78; while the Custom receipts have decreased from \$15,351,011 in 1873-74 to \$12,782,824 in 1877-78.

Stamp duties (in Canada bill stamps only) have also yielded less.

The result, comparing the periods 1873-74 and 1877-78, 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 1877-78, as compared with that of 1873-74, from the income derived by taxation.

That the fixed charges for debts, &c. to the provincial governments have increased from \$10,255,798 in 1873-74 to \$11,659,523 in 1877-78, an addition of \$1,403,725, which being a fixed charge cannot 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:—

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(A.) For completion of Lachine and Welland Canals	5,500,000
(B.) The construction of the Pacific Railway from Lake Superior to Red River	6,000,000
(c.) For continuation 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, \$6,065,813; 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, &c., at least \$2,000,000 must be obtained by the new budget to meet existing deficiencies.

~~That the present Government were returned by a large majority in September 1878, the issue at the general elections being revenue versus a protection tariff.~~

A protection 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

\* Not printed.