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FINANCE AND INSURANCE REVIEW.

MONTREAL, MARCH 23, 1877.

THE TARIFF DEBATE.

We have watched the course of the debate, the first stage of which terminated last Thursday night with a division, on which the Government had a majority of 31, rather smaller than some of their friends had predicted, but we do not find much of interest to notice. Mr. Mills, on behalf of the Government, made a long and thoroughly free trade speech, in the course of which he referred to a budget speech of Sir Alexander Galt, in which, as he contended, that gentleman had taken a very strong position antagonistic to the views now held by Sir John Macdonald. This led to some controversy as to Sir Alexander Galt's present opinions, and reference was made to his letter to Hon. Mr. Ferrier, written in 1875, an extract from which has since been published, but which in our opinion is very non-committal, except in so far as it maintains that in our fiscal arrangements we should not be in the least governed by any expectation that the United States will make concessions to us, but should adopt whatever policy may seem best calculated to subserve the interests of Canada. The use of the term "retaliatory policy" is, in

our opinion, very objectionable. The United States have most assuredly adopted their fiscal policy without any reference to us, and we should be governed, in determining on ours, on what is for our own interest, and not for retaliation. Mr. Mills complains, and, we must admit, not without some appearance of justice, that the opposition have no defined policy; on the other hand, Sir John Macdonald expressly declared that at some period of the session the policy of the opposition would be defined. The late debate has afforded but a slight clue to it, although from the tone of the opposition journals we should infer that it is likely to embrace duties on agricultural produce and on coal, and probably on several articles now in the free list. Mr. Mills, who was Chairman of the depression Committee, has always taken very strong ground against the sugar refiners, maintaining that the United States bounty system affords no just ground for complaint. It is, of course, pretended by the United States refiners that the bounties do not yield them more than the duties which they have paid, but Mr. Mills can hardly be unaware that the bounty system affords great facilities for fraud. The imported sugars are classed for duty according to color, and there seems no doubt that sugar of a very superior quality is artificially colored, and admitted at duties so low that the bounty yields a considerable profit. Mr. Mills is so thorough a free trader that we should not deem it worth while to address any argument to him that would be at variance with his principles. We venture, however, to point out to him that a duty on sugar to countervail bounties given by foreign governments may be defended on the ground that it is in defence of free trade and in opposition to a foreign policy of protection. There was a time, not long distant, when the refiners of the United Kingdom and the grocers and dealers in sugar were in a state of antagonism, owing to a difference in their views as to the extent of protection which might properly be given to the raw sugars used by the refiners, and the grocery grades which went direct to the consumers. There is at the present time no difference of opinion between the parties all protesting in the strongest manner against the introduction of bounty-fed sugars. In a recent memorial of the wholesale grocers and dealers in sugar to the Foreign Secretary, they state: "We can also add our belief that the present system of bounties on the export of refined sugar from France is of no benefit to the British consumer, since the turn of the scale between pro-

"fit and loss, sufficient to stop the works of every competing British refiner, amounts to a very small fraction of a farthing a pound." The principle of a countervailing duty, the object of which is to lead foreign countries to abandon export premiums, instead of being opposed to free trade, may be defended as the only means of restoring it. Those bounties are held in England as nothing short "of a direct attack on natural industry in Great Britain and her Colonies," and it is maintained "that the manufacturing and commercial life of this country is as much entitled to state defence from foreign attack as the land, homes, and lives of its citizens; that, therefore, as it is considered right to meet a physical attack of a foreign power by physical resistance, it must be equally legitimate to repel by fiscal measures a commercial attack caused by foreign state subsidies." The bounty on sugar and the ten per cent. differential duty on tea are measures entirely distinct from the ordinary tariff, and should be dealt with on separate and distinct grounds. They have both inflicted a serious blow on Montreal, and we deeply regret to find from Mr. Mills' speech that he remains under the impression that the United States bounty system is unobjectionable.

Mr. Workman defined his views on the tariff with more precision than we have noticed in any other speaker during the debate. He and his colleagues from Montreal voted with the opposition. Mr. Workman, however, took occasion to declare his opposition to duties on wheat and coal, and likewise to any increase of the duty on enumerated articles beyond 20 per cent., admitting at the same time that he himself, as a manufacturer, would be satisfied with the present duty of 17½. Holding such opinions it seems rather singular that a political supporter of the government should have given a vote calculated to strengthen an opposition with an undeclared policy, but one that is understood to be favorable to duties on both the articles to which he specially referred. The inference, that we should draw, and it is confirmed by the votes of his colleagues is that Mr. Workman is of opinion that the financial policy of the government is not in accordance with the views of the citizens of Montreal, indeed he admitted that the prevailing views went beyond his own. We think Mr. Workman's remarks so important that we shall copy, as reported, that portion of them which refers to the letter from an intelligent mechanic.

"He also went to the trouble to ask a