

TRADE RELATIONS.

THE desire of men of business to deal with matters which have a certain present condition, and to avoid those, the results of which are in the distant future, tends to produce a distrust of new and sudden commercial changes, however hopeful they may appear for the general good of the country in the future.

Great and absolutely necessary changes are about to take place in the business relations and connections of the B. N. American Provinces. They have been partly forced to seek new avenues of trade by the unfriendly disposition of a neighboring republic. The Provincial Governments, and that of Canada especially, foreseeing the necessity of providing outlets, and sources of trade which should compensate for the loss of that formerly transacted with our neighbors of the States, have used proper and timely diligence in efforts to secure such a trade for the Provinces, by sending out commissioners to propose arrangements with other countries. No doubt, also, there are merchants who have individually turned their attention to the necessity of seeking new trade relations, but looking at the apathy which characterizes the Boards of Trade of the great cities of the Provinces, one might suppose the merchants regarded the new business relations of the country more in the light of a political novelty than a commercial necessity. The united action of the merchants of a large city resolved upon at a meeting of their Board of Trade, has a powerful influence upon the success of commercial enterprises to which the action relates. It tends to assist and encourage not only the merchants engaged in the enterprise, but those also who may be directly or indirectly affected by its success. The united action of the Boards of Trade of the cities of all the Provinces would have been powerful in assisting the Provincial Governments, and in forwarding the interests of commerce under the new relations of trade. Their action on the occasion of the Detroit Convention was very proper. It placed on record the desire of the merchants of the Provinces for friendly commercial intercourse, and helped to assist their own governments in their treaty negotiations. The necessity of prompt action by the Boards of Trade, after the termination of the Reciprocity Treaty, in relation to the opening of a better system of intercolonial communication for business purposes and closer trade relations with the West Indies, was still more important. A seeming apathy on the part of merchants will deter capitalists from investing their means in the stock of steamboats necessary for the transaction of business, and that trade which should have a common direction and a powerful influence for the general good, may be checked out in small proportions in different directions, without bringing in any trade returns corresponding with the sum of its magnitude. This feature of the trade is particularly so, when considered in connection with the West India business. Merchants are expected to show a disposition to trade, and their desire for the establishment of better postal communication through the expression of their Chambers of Commerce or Boards of Trade. In the absence of such expression public companies for the establishment of the necessary boats are slow to form, and the results we have just named may in time defeat great purposes and great commercial advantages. There has not been a cheerful word of encouragement given by the Boards of Trade towards the establishment of a line of boats to the Lower Ports. This may be regarded as a private enterprise, but it is one so immediately connected with the commercial interests of Canada, that it demands unusual attention. We trust that at the meeting of the Provincial Boards of Trade, to be held here in June, all these matters, as well as the assimilation of tariffs and charges on merchandise passing between the Provinces, will be fully considered. There is a wide field for the united action of the merchants of the Provinces; and if directed to the purpose of securing free trade regulations between the Provinces, encouraging enterprise having for its object the extension of that trade, and devising means to secure commercial intercourse with other countries to compensate for the loss of the American trade, their labors will be well bestowed, and, no doubt, attended with good results. The governments and the people will be encouraged to the accomplishment of desirable and important objects.

An examination of the articles purchased by Nova Scotia from the United States during the existence of the Reciprocity Treaty, will show how extensive a business Canada may do with that Province, and how important it is to have well regulated intercolonial

communication. It may be noticed that one-third of the imports were flour.

The imports from the United States in 1865 are classified thus:—

Subject to duty	\$1,183,160
Free under Reciprocity	4,747,306
Free under Tariff	1,393,391

Those articles free both under the tariff and under reciprocity are put in the former class. Nearly the whole of the imports which are classed as free of duty under the Reciprocity Treaty consisted of wheat flour, no less than \$2,529,819 worth of flour having been imported. The imports—beef, pork, and hams—from the United States during the year were valued at \$170,282, and of butter and lard at \$23,651.

Principal dutiable articles imported from the United States.—

Cordage and canvases	\$ 21,959
Cottons and woollens	102,653
Drugs and patent medicines	43,900
Earthen and glass wares	23,601
Fur and leather manufactures	137,689
Hardware	213,650
Molasses	10,433
Rock and coal oil and burning fluid	93,477
Paper manufactures, &c	22,994
Spirits	46,117
Sugar, raw and refined	17,326
Tobacco	65,805
Tobacco, manufactured	82,620
Woodware, manufactured	118,864

The principal articles free under the tariff were:—

Flour (other than wheat)	\$102,315
Fish (salt and oil)	31,793
Grain	23,142
Hardware	17,843
Hides and skins	26,328
Printed Books, &c.	35,821
Salt	2,119
Stone (including lime)	14,754
Tobacco leaf	63,811
Vegetables	12,274
Woodware, manufactured	10,676

It may be here noticed that the exports to the United States were less than two and a half millions, leaving a large balance of trade in favor of the United States. The trade of New Brunswick with the U. S. during the continuance of the Reciprocity Treaty, amounted to \$2,323,961 in 1861. In 1863 New Brunswick imported 12,143 barrels of Flour from the United States, and 3,899 barrels from Canada in 1861.

FREE TRADE vs. PROTECTION.

ARTICLE NO. 2.

THE opponents of Free Trade urge the following arguments in favor of the Protective System. Firstly, because we cannot attain national greatness by Agriculture alone, that it is necessary that we also become a manufacturing people, and that this is impossible unless we protect our youthful manufacturing interests against foreign competition until they have gained some solidity and strength. Secondly, that by purchasing from foreign countries we discourage home industry and labor, to the gain of those from whom we buy and the disadvantage of our own countrymen. Thirdly, that it would be unfair to those who have invested their capital under our recent tariffs to draw near to a Free Trade policy, and that by doing so we would entail disaster upon them and some injury to the rest of the community.

The first of these objections is by far the most valid one, and to it we attach some importance. Canada ought certainly to strive to become a Manufacturing Country. Our natural resources are unbounded, and well adapted for doing an extensive manufacturing business. We are free to confess that high tariffs do stimulate manufactures for a time, but we emphatically deny that it is the best course for fully and permanently establishing our reputation as a manufacturing people. The main thing required in Canada, to enable us to compete with foreign countries in many branches of industry, is capital. The want of capital is often urged as an argument for protection, so that we may justly assume that this is what is principally required to enable us to defy foreign manufacturers to undersell us in our own markets. Now, then, can this capital most readily be secured? By enacting heavy tariffs? By placing restrictions upon Commerce? No; the proper course to pursue is to draw near to the Free Trade standard, encourage and foster Commerce by decreasing the barriers in its way, and just as Commerce becomes greater will capital increase, and as wealth flows into the country so will those manufactures for which we have proper facilities spring up and flourish.

The second objection to Free Trade given above, when closely examined, will be found to possess little validity. Looked at from a national point of view, it is impossible to encourage Home industry by prevent-

ing importation from abroad. Some take the position that if we buy goods from Britain, or import wines from France, we consume the produce of British and French industry, to their advantage, and the loss of our own countrymen. This is not in reality the fact. Britain and France require our produce, and for their goods and wines we send them in return produce or its equivalent. The Canadian, therefore, who wears British goods or drinks French wines, by occasioning the exportation of a corresponding amount of Canadian produce, encourages Home industry as much as if he consumed nothing but what was produced in his own country. Canadian produce, British cloths, or French wines, have relatively the same value, and it matters little, with regard to encouraging Provincial labor, whether a citizen consumes the produce, or having exchanged it for the cloth and the wine, consumes the latter. A well-known commercial writer makes the following remarks on this point:—

"It is absolutely nugatory, therefore, to attempt to 'encourage industry at home by restraining importation from abroad. We might as well try to promote it by interfering the exchange of shoes for hats. We only resort to foreign markets, that we may supply ourselves with articles which cannot be produced at home or that require more labor to produce than than is required to produce the equivalent to pay for them. It is, if anything can be, an obvious contradiction and absurdity, to attempt to promote 'wealth or industry by prohibiting an intercourse of this sort. Such prohibition, when least injurious, is 'sure to force capital and labor into less productive channels, and cannot fail to diminish the demand for one species of Foreign produce just as much as it 'extends the home demand for another.'"

Objection third would be a serious one, did we anticipate the same results which Protectionists do. If our present Tariff were abolished altogether, most of our existing manufacturers would, we think, be able to compete successfully with any opposition. But, for the sake of argument, let us suppose that some branches became unprofitable. Would this drive from the Province those who had been engaged in these branches of trade, or render the country less prosperous? By no means. By this policy we might change the species of labor in demand, but it does not follow that we would thereby alter its quantity; and if we thus increased our importations, it is certain we would export more largely, so that whatever diminution would be felt in certain departments would be more than counterbalanced by an increase in others.

But it is simply an hypothesis that a decrease in our duties would destroy our manufacturing interests. We have as good, and in many cases far better facilities than our American neighbors for manufacturing, and with the large increase which has of late taken place in Canadian capital, we confidently believe that we are now able to maintain our ground against all comers. American manufacturers are no longer able to undersell us. With the load of taxation which presses upon every interest across the lines, our tradesmen are more than a match for theirs, and if Reciprocity in manufactures as well as agricultural products, could be obtained, it would be a most fortunate thing for this country.

With regard to the charge of injustice to those who have capital invested in manufacturing, by a change in our fiscal policy, as we doubt not they would continue to flourish under a freer tariff, it is unnecessary to waste words upon it. The demands of the public Creditor are such that no violent or radical changes in our commercial policy are likely to take place, nor, if such were possible, would they be desirable. But our altered relations to the United States, point in the direction of Free Trade as our wisest policy, and whilst a gradual decrease of duties would not check our rising manufactures, it would largely promote the general interests of the community.

We must reserve the concluding portion of our remarks on this highly important and interesting subject to our next issue.

Flax Mill at Dundas.

Mr. Gladstone, of Dundas, is about to erect a large Flax Mill, when that enterprising little town will be able to boast of not only having, perhaps, the most extensive Cotton and Woollen Works in the Province, but also the largest Linen Manufactory.

Woollen Factory at Sherbrooke.

A Woollen Factory 134 feet by 66 feet and including dyehouses and other outbuildings which will extend about 200 feet on the river, is about to be erected on the Magog at Sherbrooke in the course of the ensuing summer.