

OUR CANAL POLICY.

By refusing to reciprocate in trade, the Americans have closed to us a near and valuable market for our products. Both countries have large interests in agriculture, in lumbering and fishing, but no longer interchanging material products freely, our large surplus will, in future, have to be sent to distant markets. Geographically, the grain-growing districts of Canada have an advantage over the Western States, in their proximity to the sea. This advantage may be increased in value, by the exercise of the rights we possess in controlling the navigation of the St. Lawrence.

Individuals who are competitors in business are seldom simple enough to interest themselves in the sale of their neighbors' goods, in preference to their own, yet we see that a Member of the Legislature has seriously proposed to widen and deepen the Canals, in order that we may be able to assist the Western States to compete with us in the distant market to which we shall be compelled to resort; and what return are we to get—simply the profits of carrying? Are the paltry profits obtainable by carrying burdens an equivalent for the injury which would be done to our Western farmers? If any farmers are to suffer, let it be those who advocate the isolation policy. We all know that there is a point below which the return from labor and capital ceases to be an inducement to continue in any occupation. Yet, by acting as carriers, with limited means of conveyance, we not only diminish the value of our own goods in the foreign market, but we increase the expense and difficulty of getting them there. With our present facilities for forwarding, preference ought to be given (as long as reciprocity is declined) to Canadian over American produce. In the race for the distant goal, we cannot afford to throw away any advantage we may possess. We are well aware that the Western State farmer can produce a given quantity of grain, with a smaller expenditure of capital and labour, than can the Canadian. The soil of the former may not be more productive, yet he saves largely in the cost of the land and still more in the comparatively slight expense he is put to in clearing. But these gains are more than swept away by the disadvantage of being distant from the sea-board. The distance decreases the value of his product, and increases the cost of his imported articles, (exclusive of the heavy direct and indirect taxes.) If we lessen these difficulties for the American farmer, will it not be a step taken towards hastening the destruction of a source of wealth in our Province? With an impoverished farming class, what will become of our growing manufacturing interests? We may be assured that the creation of a great forwarding or carrying interest will not compensate us directly, or enhance the value of our lands, for carriers are not settlers.

We confess that we have little hope of any renewal of the Reciprocity Treaty. Had not the privilege of fishing in British waters been of paramount importance to the United States, it is likely that the late Treaty would never have been agreed to. In giving them the fisheries, and the navigation of the St. Lawrence, we made concessions which have proved of inestimable economical value to the American people, for the one enhanced the value of all Western State products; the other employed the coast-men of the East, who had no fishing grounds of their own, and, at the same time, formed a fine nursery for the American navy.

With a view of getting rid of the danger of collisions on the fishing grounds, in enforcing the observance of the league line, the British Government has considered it to be expedient to recommend to the Colonies the adoption of a system granting licenses to American fishermen. This recommendation has been acted upon. But it seems to us that there is more danger of collisions occurring in collecting the fishing fees, than in enforcing the observance of the league line. In the latter case, a boat's nationality can be readily made out, but it will not be an easy matter to discern which American boat has got a license and which has not. If the 50 cent tax has to be collected, would it not be a more peaceful and practicable way to make the tax nominally a dollar a ton, and offer to give the American Government one half if they would allow their fleet of gunboats, at present on the fishing grounds, to collect the other half for us!

The Lower Provinces have always asserted that the fisheries were given away to benefit Upper Canada, and also that in exchange for the privileges thus granted, the ship-owners in the Maritime Provinces

ought to have had the American coasting trade opened to them. How can our fishermen hope to succeed now? The American can fish side by side with them, and know that he has a good market anywhere in the States, as well as in the British possessions; but the British American is shut out of the American market by the high duties. At one stroke our people have their fishing rights partially alienated, and lose their best market, while their old competitor remains, with gains in privilege and bright prospects. Our fishermen cannot alter this state of affairs. They must either give place to Americans, sell their fish secretly on the fishing grounds, or change their nationality; unless, perchance, the Provincial Governments should find themselves rich enough to pay our men a bounty on fish caught, equal to the American import duty.

Upper Canadians will see from the foregoing that the 50 cent arrangement puts further from us the chance of having a new Reciprocity Treaty. Widen the canals and our farmers will have still worse prospects, because the Americans will then have no inducement whatever to offer reciprocity, (according to their policy.) With free fisheries, and canals made at our expense to suit their purposes, they will have nothing to ask for, and we nothing to offer. Our best assets will then have been prodigally thrown away in the vain hope of conciliating them, and leading them to alter their commercial policy.

But will the United States Government be content with the abrogation of the treaty; or, will they, as legislators have threatened, abolish the bonding system also? If this be done, our Western farmers will be reduced to as great straits, as are our Eastern fishermen. Our winter foreign trade exists only by the sufferance of the Americans. If our exports and imports, during five months of the year, were to be subjected to the duties under their tariff, we should for that period be practically blocked out from the sea-board. A great revolution would thereby be caused in the Canadian trade, for the whole of our surplus products would have to be exported during the worst season of the year for grain, besides causing a glut in the foreign market. At present we send a large portion by way of Portland in the winter. Then as to imports, our merchants would be compelled to provide themselves, in the fall of the year, with stocks far larger than they do at present.

Happily for Canada there is a mode of evading these difficulties, or her prospects would be dark indeed. Let us destroy the winter monopoly of road, which the Americans have, by at once beginning the construction of one on British territory. We shall thus not only break free from the trammels which now grow irksome, but we shall place ourselves in the independent position of competitors.

The Americans, no doubt, profit by carrying for us, but in the hope of getting something greater, they would not hesitate to give up the lesser benefit. They know, and we know too, how indispensable a winter road to the sea is to us, and they profit by that knowledge. Were we independent of American roads in winter, we should hear no more of their abolishing the bonding system; and this indirect benefit alone ought to be sufficient compensation for all the expenditure on an Inter-colonial railroad. With ability to carry on our foreign trade the year round, on our own soil, would there not be a possibility of the Americans accepting the lesser evil (as they regard it) of opening their markets again, in order to avert the greater evil of having us for competitors. If the Americans refused to buy from us, our Maritime brethren would do so. The latter are already formidable competitors with the former, in the box shooks and sawn lumber business, with the West Indies and South America; and they only require the staves and agricultural produce which we have hitherto sent to the States, to enable them to prove to the Americans that loss must result from an adherence to their present policy of non-intercourse.

For the present, then, let us hear no more of the canals, but let us, irrespective of the approaching union of the Provinces, use all our energies in hastening the construction of the Inter-colonial Railroad.

THE TRADE OF CANADA—1865-6.

The steady progress which Canada is making, is well exhibited in the returns of our trade during the past twelve months, as laid before Parliament recently. That the returns would be somewhat larger than usual, was generally anticipated from the fine crop which we harvested last season. But the most sanguine were hardly prepared for the announcement, that the vol-

ume of our trade has over-topped that of any previous year by the large amount of ten millions, and was in excess of last year by nearly nineteen millions! This is an exceedingly gratifying fact, and one of which the people of Canada have reason to feel proud. The financial year 1865-6 did not end until the 31st June, and consequently the exact figures submitted to Parliament, were only for eleven months. But estimating our June imports at \$4,000,000, a reasonable sum, our total imports for the year would be \$53,934,015. The amount of our exports, adding a similar sum for the June shipments, would foot up to \$51,984,375. Had this large increase taken place only in our foreign purchases, and not as well in our sales to other countries, the result would have been far from favourable. It would have shown that our Merchants had imported too largely, and that a period of inflation was likely to set in. But we have no reason to fear anything of his kind, for the increase in our exports, as compared with last year, has been greater than the increase of our imports. The "balance of trade" was last season against us to the extent of \$2,439,318, this year it is only \$1,049,670, a very small amount, considering that the total volume of trade was over \$105,000,000. We annex statistics showing the extent of our trade each year since 1860 inclusive:—

Year.	Imports.	Exports.
1860	\$31,447,935	\$31,631,890
1861	43,054,826	36,014,195
1862	48,600,633	33,596,125
1863	45,964,493	41,831,632
1864 (1 year).	23,882,316	13,883,508
1864-5	44,620,469	42,48,161
1865-6	53,934,015	51,984,375

The exact excess of our imports over those of 1864-5 is \$8,413,576, and of our exports \$9,503,224. According to the statement submitted to Parliament for the eleven months ending 31st May, the dutiable goods amounted to \$29,900,588, upon which \$6,085,697 of duties were obtained by the Government. If we consider the duties collected during June, at \$550,000, the total duties of the year would swell up to no less than \$7,235,597. This increase of revenue came very opportunely for Mr. Galt, for during the year the Military expenditure has been no less than \$1,638,868. Had this unusual outlay occurred during an unprosperous year, a very serious deficit in the revenue must have resulted. As things have turned out, we have actually an overplus of \$325,962.

In conclusion, we would ask those who seek to belittle our proposed British American Confederation, to ponder these returns of Canadian trade for last year. They unmistakably indicate our commercial importance, and point us forward to the time, and that at no very distant period, when our commerce will double what it is to-day. These figures also afford proof of the great natural resources of Canada, and the rapid manner in which our industrious population are developing them. During some years our progress may not be so marked as during others. But our course is steadily "onward," and if we were assured of peace for another quarter of a century, we would venture to predict that British America would then be one of the strongest and most prosperous powers on the globe. Whatever may be our future, however, we shall always have cause to look back upon 1865-6 as one of the most prosperous years in our history.

MR. GALT'S CURRENCY RESOLUTIONS.

It becomes more fully evident, the further matters progress, that Mr. Galt's banking scheme is not merely a proposal to enable the Government to borrow \$5,000,000 on easy terms. The Government, like an individual, has the right to borrow in the cheapest market, and no one could blame the Finance Minister for endeavouring to utilize the resources of the banks for that purpose.

But in so doing, the Government is bound to consider the effect of any measure proposed, on the existing interests of the country. It is bound further, specially to avoid any legislation which could give one class of institutions any advantage over another, or which, while benefiting neither, would damage one more than another. The Government may pay too dearly for its whistle, and when it can attain its object only by seriously interfering with the business of classes on whom it depends for support, the question naturally arises, whether the end to be attained is worth the sacrifice requisite for arriving at it.

We candidly confess our inability to see any justification for a measure which is intended to substitute a Government circulation for the present bank note system of the country. That it will save the Govern-