RECIPROCITY WITH THE UNITED STATES.

THE Report of Mr. Hatch to the Secretary of the United States Treasury, concerning the trade with Canada and the relative importance of the United States and Canadian channels of commerce, has been published. In May, 1867, Mr. Hatch presented a report to the House of Representatives, but he was then unable to make it as complete, or to come to as definite a conclusion as was desirable. The present report embodies more recent information, and is much more elaborate.

We do not know what value may be attached by the Washington Government to the opinions of Mr. Hatch; if they carry any weight at all commensurate with the position he occupies as having been called on to prepare the report, then we may at once make up our minds that we will not have any renewal of reciprocity in commerce with the United States, unless we are willing to sell our birthright for a most miserable mess of potage. With the manner in which Mr. Hatch supports his arguments by unsupported assertions and fragmentary statistical evidence, we have at present nothing to do. All through the report, he takes every possible opportunity—even in the teeth of the evidence he himself furnishes - to exalt the advantages of his own country, and to belittle those of Canada. The spirit of unfairness breathes through every sentence. The cause was prejudged, and the verdict given against Canada is only what might have been expected from the bias displayed throughout the entire report

Mr. Hatch's conclusions are that a Reciprocity Treaty should "include all the products of labour on "both sides, or at least provide for a fair and equal "exchange of them. The party selling the productions of agriculture and the forest, should remove "laws preventing the sale of manufactures on the "part of the other." But Mr Hatch thoroughly comprehends the superiority Canada would possess as a competitor of the United States, and goes on to say: "And under the present condition of our revenue "laws, competition between the people of the United "States and Canada can only be on equal terms, when "duties equal to them directly or indirectly exacted "by our Government from our own citizens are levied "on importations the product of Canada." Which, turned into plain English, seems to mean that we should admit United States manufactures into Canada duty free, while our manufactures would be permitted to pass the custom houses of the Republic only on payment of duties equivalent to the wonderful aggregate of taxation levied during every stage of production on all articles of manufacture in the United States. Thank you, Mr. Hatch! We are wonderfully obliged to you, but we can do without reciprocity of that kind yet. The present ministry of the Dominion is a strong one, and may do a good many things without running serious risk of losing the support of their party, but even the ministry dare not make any treaty (even with Imperial consent) with Washington, which would cause the slightest additional burden to be placed on the productive or manufacturing interests of this country. Such a course of policy would not be endured for a moment, nor do we think it at all likely, that any Canadian statesman would ever have the slightest desire to so traffic away the interests of the Dominion.

We will now give a brief abstract of the Report and the one-sided evidence on which Mr Hatch argues his case.

He starts by shewing how the revenue of the United States fell off in consequence of the former treaty, and how largely that revenue has gained since the termination of the treaty enabled heavy duties to be imposed on Canadian products. He gives tables shewing that that increase of revenue has not been accompanied by any diminution in the trade between the two countries; but he altogether ignores the facts that the consumer in the United States has been paying that revenue, and that the Canadian producer has been receiving on an average a higher price for his exports than he did under the free trade system. He then begins the cheapening style towards Canada, and states that the exports of Canada to the United States do not sensibly affect their markets, and are less in value than those of any agricultural state in the West. "They have no more perceptible effect on our "markets than the waters of a stream collected from "a small surface have upon one of our inland seas." Pretty fair for Mr. Hatch. But which are 'our inland seas?' By way of proof on this point, he gives the receipts and exports of flour and grain at New York and at Montreal, with an air of perfect candour, as if in this respect these two cities bore a similar relation to the two countries of which they are the chief commercial centres. The receipts of grain at Montreal are no index whatever to the grain trade of Canada. Of barley alone, some $4,000,000 worth were shipt to the United States, which never came near Montreal; and in fact, the shipments from this port only represent the trade with England and the Intercolonial commerce with the Maritime Provinces. Mr. Hatch is endeavoring to prove that, no matter what his Government may do, Canadians have only one great market for their productions, and that they must sell in the United States. Now, we believe that generally speaking the reverse of this is the fact. As a rule, United States buyers buy in Canada, instead of Canadians seeking a market across the borders. Nearly all the cattle, the products of the dairy, the grain and the flour for which United States gold or currency is given, are purchased in Canada, and would still be purchased here, were the existing duties doubled.

Mr. Hatch bestows a great deal of space to the discussion of the relative merits of the rival routes of the Erie Canal and the St. Lawrence, need we say very much to the snubbing of our stream. He says: "during the six months when the St. Lawrence is "open it is seldom safe, owing to strong currents, im- "mense masses of ice, and fogs almost perpetual, the "the latter being caused by the meeting of the "tropical waters with those brought down from the "Polar Seas." It is true that a little farther on he allows that if the banks of the Lower St. Lawrence, had in the early part of this century been occupied by people animated by the foresight of commercial life, and if New York had not constructed the Erie Canal, "the St. Lawrence might have become the great "thoroughfare from the Western States to the Old "World; our national trade would for a time have "been depleted northward far beyond the boundaries "of the New England States; Montreal would have "taken precedence of New York; the whole com- "mercial condition of the continent might have been "temporarily changed, and the trade, and manufac- "tures, and shipping of Great Britain would have "been fostered and promoted to the same extent as "the progress of our own would have been impeded." But circumstances alter cases, and as it is, the St. Lawrence is almost worthless as an outlet for our trade, and in fact is rather a humbug altogether.

Mr. Hatch's reason for dwelling on the subject is that "the navigation of the St Lawrence was "one of the supposed equivalent to give us for the "advantages of our markets." What has become of our Fisheries? Is their freedom altogether unprized by the keen fishermen of New England? But the ignoring of this other "equivalent" is quite in keeping with the spirit of the Report from beginning to end.

One of the heaviest counts in the indictment against Canada is the enterprise which has given Governmental aid to railways, the construction of canals as public works, and the wisdom which has left untaxed all the articles needed for the building of ships, or that enter into the making and equipment of our railways. Mr. Hatch points out with truth how in the matter of ship-building, his countrymen have been altogether distanced in the contest, and how that in the present day vessels of a certain character cost twice as much in the ship-yards of the United States as they do in the Dominion. We cannot exactly understand how he blames us for encouraging so important a branch of industry; but after shewing how "Americans" have been gradually losing the ocean carrying trade, he says, "the "evil here exhibited has now grown into vast pro- "portions," aggravated, he allows, by the burden of their own legislation. He appears to possess some insane idea that as soon as poverty-stricken Canadians were allowed to send in their produce to the United States markets unhindered by duties (those same Canadians offering no equivalent therefor, save the valueless navigation of the St Lawrence) it at once became their duty to prevent all enterprises which might compete in any way with those of our neighbours; and he accuses the Canadian Government of having unfairly broken the spirit of the Reciprocity Treaty, the precise charge being thus stated: "Canada has, during the last quarter of a century, "expended $138,275,413 in the construction of unpro- "fitable railways and canals, with no local traffic, "population, or commercial wants commensurate "such stupendous undertakings, but relying upon "the diversion of our land commerce to sustain "them." And warningly he exclaims "How far our "Government will be willing to surrender its trade "and revenue as a tribute to this policy of a gigantic "British-Canadian rivalry, will depend upon the "character of the statesmanship that shall govern "our country." Another grave charge brought by Mr. Hatch against Canada is, that she does not admit United States vessels to a participation in her coasting trade. Does the United States grant a like privilege to Canadian vessels, or is there any probability of such a privilege being granted?

A large portion of the Report before us is devoted to the Erie Canal, from its first projection in 1808 down to the present time; and Mr. Hatch is most unsparing of his praise to all those who were instrumental in its construction. Expenditure which in the case of Canada is the result of an inimical policy, becomes all at once most laudable when laid out for the advantage of the States, no matter how seriously it may interfere with the trade of the St. Lawrence. He also advocates strongly a continuance of that expenditure in the further enlargement of the canal, and as a reason urges that "should this policy be adopted, the "trade and commerce of the border nation would in "the future, as in the past, contribute to our public "welfare, yielding to the supremacy of our natural "advantages, and the Dominion of Canada would "desist from any further unprofitable rivalry."

We think we have given our readers quite as much of this Report as they will care to peruse; enough, we have no doubt, to convince them how very little prospect there is of Canada's obtaining from the party now in power in the United States, any commercial concessions except at the price of ruinous concessions in return; and also how almost impossible, even were the will not wanting, it has become through the financial necessities of the Republic, that any step in any direction should be taken towards the inauguration of a free trade policy.

Statement of the Provincial Notes in circulation, Wednesday, 6th January, 1869, and the specie held against them at Montreal, Toronto and Halifax, according to the Returns of the Commissioners under the Provincial Note Act:—

NOTES IN CIRCULATION.

Payable at Montreal	$3,008,957	
" Toronto*	1,012,048	
" Halifax †	297,000	
		$4,318 000

SPECIE HELD.

At Montreal	$450,000	
At Toronto	450,000	
At Halifax	59,400	
		$ 959,400
Debentures held by the Rec'r. Gen. under the Provincial Note Act		$3,000,000

* Including $188,000 marked St John.

† The Nova Scotia dollar not being equal in value to that of the other Provinces, the Notes issued at Halifax, are worth their face value in Nova Scotia only. They are stamped "Payable at Halifax," and are numbered in black ink. None but $5 notes are yet in circulation.

JOHN LANGTON,
Auditor.

Audit Office, January 15th, 1869.

Statement of the Post Office Savings Banks account, for the month of December, 1868, published in accordance with the Act 31 Vic., Cap. 10, sec. 72.

	$	$	$
In hands of the Rec. Gen. as per last statement (Nov 30th)			474,511 66
Amount received from depositors during Dec.	$68,388.00		
Interest paid	107.93		
		68,495 93	
Amount of withdrawal cheques		20 132 72	
			48,363.21
In hands of Rec Gen., Dec. 31			$522,874.87
Bearing interest at 4 per cent		295.430 79	
Bearing interest at 5 per cent		223,200 00	
Bearing no interest, being the amount in the hands of the Rec. General, to meet outstanding cheques		4,244.08	
			522,874.87

JOHN LANGTON,
Auditor.

Audit Office, January 14th, 1869.