

people compelled them to part with the products of their labor at reduced prices.

The tariff of Canada is moderate as compared with our own; but, in connection with our taxation of many materials, it is enough to have caused some important branches of manufacture, notably those of wood-screws and musical instruments, to be lately transferred by our own citizens to the other side of the northern frontier, where they are not only established for the supply of the people of the Dominion, but, if we persist in our present course, will undoubtedly at no distant date compete on terms favorable to the Canadians in neutral markets with the products of our own labor on a very extensive scale and in many various manufactures.

THE REAL BALANCE.

While it is desirable to encourage as far as we are able the sales of our manufactures to Canada, it is always to be remembered that the trade between that country and the United States is to a considerable extent one of transit or carrying to other countries, and thus what is called "a balance" against us, which is really an advantage, may exist, because it may merely represent what we have bought from one country to sell at a profit to others. If our merchants buy the bulky productions of Canada to the extent of many millions and carry them through our own country to our sea-ports, they give employment to our laborers, create a demand for the products of our farmers, and cause the expenditure and employment of vast sums of money among our traders and capitalists, while the articles thus carried and exported stand to our credit and profitably swell the balance in our favor in other countries, being at least as valuable in our exchanges with the rest of the world as if they were gold or silver.

The Canadians, understanding this natural operation of the simple laws of business and carrying it into their affairs of state, have, with an enlightened self-interest, attempted to diminish what might by more short-sighted economists be called "the balance in their favor," by admitting our wheat, flour, corn, oats, barley, pease, and many other productions entirely free of all duty. They would like the exchange to be much more—as some of our doctrinaires would call it—"against them." The more of our wheat, corn, and flour they buy, or, in other words, "the larger the balance against them," the more their shipping and canals, and with them their merchants and the rest of their population, prosper. We take the other course, and by way of fancied "protection" levy a duty of twenty cents a bushel on their wheat, fifteen cents on their barley, ten cents on their oats, 20 per cent. on their flour, and from 10 to 20 per cent. on their pease.

Under the treaty, the quantities of grain exchanged between the two countries were almost exactly equal. In 1874 our exports of grain and breadstuffs to the Dominion, exclusive of barley, for which we