

Great West, "whose future prosperity depends," say the Illinois Commissioners, "upon cheap transportation to foreign markets." Here, however, it is perhaps allowable to state, that we have not been permitted to realize the advantages contemplated by that clause of the Treaty under which the Government of the United States engaged "to urge upon the State Governments to secure to the subjects of Her Britannic Majesty the use of the several state canals on terms of equality with the inhabitants of the United States." Although 8,829 tons of American shipping passed through the Welland canal in 1853, against 621,908 Canadian, (a) the figures for the other canals also showing a fair proportion of American craft to be engaged in our trade, we have not been allowed the slightest participation in the business done on the American canals. Not the least of the benefits the Lake Shore Cities have derived from the Treaty is, that they have been able to enter into a direct trade with European countries, where, indeed, they have found a ready market, not only for their cargoes but even for their vessels. The New York Legislature assert in their report, that "hope seldom told a more flattering tale than on this subject." But if the expectations of the Americans have not been realized, they must have been unreasonable. It was not to be expected that this direct trade should at once assume colossal proportions; we find, however, that, in the years before the war, the entrances and clearances from and for Europe amounted to over 5,000 tons per annum. During the war, many vessels went from the Lakes to the Atlantic to aid in the blockade of the Southern ports, and for other purposes; and at least three regular lines are now established to carry on direct commerce between the Lake cities and various European countries. This trade is at least of equal value to the Americans with the right given under the Treaty to British subjects to navigate Lake Michigan, and one can hardly imagine how Cleveland, Detroit, Toledo, Milwaukee, and Chicago can reconcile themselves to the idea of being degraded to their old position of inland cities, to whose craft the Atlantic must be a closed and unknown sea.

This list of the benefits the Treaty has conferred upon the parties to it, is necessarily but partial; in a few short columns one can only enumerate the most salient. Surely, however, enough has been said to prove that a strenuous effort should be made by the enlightened commercial men on both sides of the frontier to continue these advantages, which are so lightly being risked by the American Government.—Doubtless there are Americans who think that the balance of profit, under the Treaty, has been with Canada; and they can be met by equally well-informed Canadians who believe that balance to have been with the United States. But the question should not be approached in that narrow-minded way. We should not enquire too closely and too jealously which party has gained the most, but, seeing the exchanges to be mutually profitable, we should devise means to allow of their continuance. Nay more, it would seem to be the duty of those charged to watch over the interests of commerce to see how still greater freedom of trade can be secured. Let them decide what other articles can be placed on the free list of a new Reciprocity

a) No. of vessels engaged in our carrying trade, that is the No. that passed up and down our Canals in 1853.

	Amn. Can.	St. Ann.	Amn. Can.	St. Ann.
Welland	3171	3125	101	4911
St. Lawrence	258	1087	91	623
Chambly	808	2072		
B. Bay	22	1555	1798	2813

Tonnage of the above

	Amn. Can.	St. Ann.	Amn. Can.	St. Ann.
Welland	808289	521848	678	311155
St. Lawrence	18116	1018157	1587	311511
Chambly	62578	220100		
B. Bay	13383	227017	29376	259177

Entrances and clearances at Lake Ports of the U. S. from and to Foreign Countries other than Canada, through the St. Lawrence.

ENTRANCES.	No.	Tons.
1857-58	3	887
1858-59	7	2101
1859-60	10	5575
1860-61	8	2836
1861-62	3	1168
1862-63	1	324
CLEARANCES.	No.	Tons.
1859-60	1	379
1860-61	13	4354
1861-62	19	6737
1862-63	6	1439
1863-64	6	1791
1864-65	1	324

—From Secretary Chase's Report, page 35.

Treaty; and, throwing aside the exploded fallacy that it is possible for a Government, by imposing vexatious duties on all articles of import, to benefit all classes of its subjects, (a) show that they are imbued with, and know how to support, the principles of a more enlightened political economy. (b)

(c) The demand for other than the "incidental protection" which may be necessary to raise revenue and satisfy the public creditor, implies conscious weakness—of feeling of which, with our climate, our soil, our geographical position, our wonderful resources, and the acknowledged energy of our constantly increasing population, we who dwell on this portion of the Western Hemisphere ought to be ashamed.

(d) Compare Mr. Galt's pamphlet on the Treaty. Much greater scope could be given to the Treaty, without compromising on the one hand the Revenue interests of the United States, or on the other the just claims to an equality in the Canadian market, which belongs both of right and duty to Great Britain. The abolition of the Coasting Laws of both countries on their inland waters, the free purchase and sale of vessels, and the removal of discrimination on the score of nationality, the extension of the privilege in both countries of buying foreign goods in bond, or by return of drawback, the addition to the free list of all wooden wares, agricultural implements, machinery, books, and many other articles peculiarly of American manufacture, and their assimilation of the Patent Laws—all these, and many other topics naturally offer themselves for consideration.

To this succinct enumeration we can only add metals in pigs, and crude petroleum, but the Boards of Trade of both countries may be able to suggest other additions.

SECOND PRIZE ESSAY.

By JAMES YOUNG, ESQ., GALT, C. W.

THE commercial policy of Nations can generally be estimated by their intelligence. Where ignorance prevails, wise and enlightened trade principles are little understood and seldom adopted. The Chinese regard the rest of the world as "outside barbarians," and seek to promote their own prosperity by a rigid non-intercourse. But, as you ascend the scale of Nations, more sensible views obtain. They regard themselves not as enemies, but as members of the same great family, and commercial intercourse is courted and encouraged. The increase of Trade is seen to be but another way of expressing increased prosperity, and therefore the barriers and hindrances to its progress are justly regarded as so many drawbacks to the public welfare.

ORIGIN OF THE RECIPROCITY TREATY

It was under the influence of such wise and liberal sentiments, that the Reciprocity Treaty between the United States and the British American Provinces had its birth. The fiscal policy of both countries had previously been such as to discourage international commerce; and, on some occasions, when national selfishness or resentment ran high, the Chinese system was partially resuscitated. This foolish policy retarded the prosperity on both sides of the line, but it did more. It stimulated prejudice, provoked ill-will, and sometimes endangered peace. The desire of the New England States for a settlement of the Fisheries dispute, of the Western States to obtain the right to navigate the St. Lawrence and the Canadian canals, the anxiety of Canada for free entrance for her natural products into American markets, and the advantages anticipated by many from closer commercial intercourse, at last brought about a change. The Reciprocity Treaty was the result. It was negotiated in 1854 by Lord Elgin on behalf of Great Britain, and the Hon. W. L. Marcy on the part of the United States, and took effect on the 16th of March, 1855.

EFFECT OF THE TREATY ON THE TRADE OF THE UNITED STATES AND CANADA.

That Reciprocity has largely promoted the interests of the United States and Canada, must be apparent to any one acquainted with the first principles of political economy. Commerce is not a mistress who smiles on one suitor and frowns on another. She enriches him who buys not less than him who sells. Two nations will not long continue to trade with each other, unless it be mutually beneficial. When this commerce ceases to be profitable, it will soon cease altogether. This is an axiom in commercial affairs, and, therefore, if we find that Reciprocity has tended to foster and increase international trade, we have *prima facie* evidence that it has been mutually advantageous. The Provincial Trade and Navigation Reports show the total value of

our imports from, and exports to the United States, from the year 1850 to have been as follows:—

Year.	Exports.	Imports.
1850	\$ 4,951,159	\$ 6,591,801
1851	4,071,615	8,235,755
1852	6,281,522	8,477,020
1853	8,034,382	11,782,147
1854	8,649,002	15,533,098
1855	10,737,277	20,828,076
1856	17,979,751	23,200,739
1857	13,296,496	20,221,651
1858	11,920,091	16,006,643
1859	13,622,311	17,692,916
1860	18,427,968	17,279,313
1861	11,350,427	21,008,388
1862	15,063,739	25,173,167
1863	20,050,432	23,100,382
1864 (half year)	7,722,397	10,429,611
	\$12,319,430	\$215,358,077

These figures are the best commentary on the working of the Treaty. According to them, the total volume of trade between the United States and Canada from 1850 to the first half of 1864—a period of fourteen and a half years—amounted to no less than \$427,677,616. Of this amount, Canada exported to the value of \$182,319,430, as against \$245,358,077 of importations. Difference in favour of the United States, \$63,038,638.

During the time the Treaty has been in force—say nine and a half years—we purchased from the United States to the value of \$191,604,516, and sold to them in return, articles worth \$149,426,829, the entire volume of trade being \$341,031,345. For the five years previous to Reciprocity—from 1850 to 1855—our total transactions only amount to \$83,646,171. The immediate effect of the measure on our annual Trade, is very clearly illustrated by comparing the returns for 1854 with those of 1855, the year before with the year after it came into operation:—

The total trade of 1854 was	\$37,695,953
" " " 1855	24,182,100
Increase in one year	\$13,513,853

The effect of Reciprocity was, therefore, to increase our commerce by \$13,513,853—over fifty per cent.—in twelve months! The annual volume of trade for five years before the Treaty was \$16,729,231; since its enactment, the average has been \$25,213,825, and in a single year (1863) the returns show a total of \$43,153,794. The rapid increase of trade under the fostering influence of Reciprocity, it is respectfully submitted, constitutes an unanswerable argument in favour of the Treaty, and demonstrates at once the necessity for, and advantage of, the measure.

THE "BALANCE OF TRADE" IN FAVOUR OF THE UNITED STATES.

If we examine the working of the Treaty more closely, it will be found that its great advantages have been, upon the whole, very equally shared. The following table, carefully prepared from the Provincial returns by W. J. Patterson, Esq., Secretary of the Montreal Board of Trade, shows the total value of free and dutiable goods exported from and imported into Canada from the United States for the years mentioned:—

Calendar Year.	DUTY-PAY'G GOODS.		FREE GOODS.	
	Imported from U. States.	Exported to U. States.	Imported from U. States.	Exported to U. States.
1855	\$ 11,419,472	\$ 327,710	\$ 9,379,204	\$ 16,409,567
1856	12,968,804	555,594	10,321,955	17,401,190
1857	9,961,431	639,714	10,628,220	12,666,722
1858	8,477,607	466,191	7,133,656	11,463,903
1859	9,093,371	651,725	8,556,515	13,210,582
1860	8,832,544	574,959	8,746,783	17,853,069
1861	8,246,035	519,617	12,722,755	13,866,910
1862	6,128,788	774,561	19,044,374	14,288,969
1863	3,914,336	1,363,171	17,131,566	18,637,221
1864 (half year)	2,177,003	629,506	8,252,958	7,332,820
	\$10,641,041	\$6,312,819	\$11,504,472	\$143,114,410

The transactions between Canada and the United States during the existence of the Treaty, as shown by the above table, may be thus balanced:—

DUTY-PAY'G GOODS.	
Canada bought from the United States	\$81,054,044
United States from Canada	6,312,819
Excess of dutiable goods sold by United States	\$74,741,225
FREE GOODS.	
United States bought from Canada	\$113,114,010
Canada from United States	113,504,472
Excess of free goods sold by Canada	\$29,563,658
Balance against Canada in 9½ years	\$45,177,687

*The writer thankfully acknowledges his indebtedness to Mr. Patterson's "Trade and Commerce of Montreal" for the statistics and suggestions.