

cheaply than we can import it) and your lumber, and we will sell you cloth and cotton, and ploughs, and whatever else you want. But unfortunately, gentlemen, we can't do this as cheaply as the Englishman who has had longer to learn his trade, and who, moreover, with all the advantages of manufacturing on a large scale, has the crowning advantage of labor far cheaper than we can ever hope to have it here in Canada, while our gigantic neighbour is paying such high wages; so in order to secure a home market for you, where you will be able to sell at as paying prices as formerly when your surplus was exported, we are compelled to ask that for the present it shall be made illegal for you to buy foreign goods under the penalty of paying for them more than they are worth. On the other hand we are moderate, and only demand that the penalty be from twenty to twenty-five per cent. of the value of the imported article. Then, too, which you must see is an advantage, our country will no longer need to employ ships in taking your produce home and bringing out from England what we can furnish here. We will consume your produce, and will make everything you want. We will be independent of all other countries, and will thereby be able to keep all our wealth at home. Besides all which, we, who are of such importance to the country, will grow rich and be able to live well and dwell in magnificent houses."

Such would be the plea of Mr. Whitney, if he were disposed to be unusually candid; but while in actual fact, he advances some of the foregoing arguments, he allows the others to drop out of sight altogether; consequently his reasoning, though plausible, is unsound, and any one led away by it, is so misled because he has not given the subject sufficiently careful study.

Mr. Whitney states that there have been exported in the year ending June 30th, 1865, \$1,034,714 of the surplus product of their labor, exclusive of \$3,493,367 worth of flour. He has omitted to state of what these exports consisted. Turning to a return of exports for the year ending June 30th, 1866, a year later, it appears that the exports of manufactures were of the value of only \$989,936. These consisted of Hardware \$172,922, Leather \$239,743, Wood \$108,315, and other articles in amounts less than \$1,000 each. What is quite remarkable with regard to these leading items is, that of a total of \$529,980, \$298,963, or over 57 per cent, were sent to the United States, where protection does most for its manufacturers, and on these particular items imposes an average duty of about 35 per cent. The following statement shows the comparative value of the different classes of Canadian exports for the year ending June 30th, 1866:—

Produce of the Mine.....	\$ 422,570
" " Fisheries.....	950,311
" " Forest.....	13,846,980
Animals and their Products.....	12,682,083
Agricultural Products.....	10,451,074
Manufactures.....	989,936
Coin and Bullion.....	2,337,591
Other Articles.....	608,815
Total.....	\$48,635,766

Of this total, nearly \$35,000,000 went to the United States, and the consumers of that country paid the enhanced price consequent on their high tariff. It needs no argument to prove from the foregoing statement how very greatly the manufacturing interests fall behind the other exporting interests in their importance to the country.

The whole question may be thus summed up. So long as manufactures can be imported from abroad more cheaply than they can be made at home, their compelled production is a loss and not a gain to the country. The fact that they need protection is strong *prima facie* evidence that they cannot be carried on profitably; and the doctrine that it is one's duty to encourage home manufactures is one of the popular delusions that are gradually becoming exploded as the light of more widely diffused knowledge is thrown upon them.

As already stated, the arguments against protection in this country refer to such manufactures as cannot, after a reasonable period of legislative aid, hold their own against foreign competition, and different reasoning altogether must be used by ultra free traders who ask for the abolition of all customs duties that have a tendency to foster any particular branches of industry, whether they are to become ultimately profitable to the country or not. In a country where the supply of skilled labour was ample with capital seeking investments in great abundance, entire free trade would, without doubt, be the true policy. In this, as in any other new country, it may be the wisest course to

grant some aid to certain manufactures which it is believed after five, or at the outside ten years of public assistance, can compete on equal terms with foreign goods. If after that time the factory must be closed unless the community at large are still compelled to support it, it were best for the country it should be closed. Ultimate benefit to the country is the only possible plea that can be allowed for the perpetration of an injustice for ever so short a time.

PEAT FOR PUDDLING.—We commend attention to the following paragraph from the *Montreal Gazette*: "We were shown yesterday a small piece of bar iron from the Puddling and Rolling Mill of Messrs. Morland Watson & Co., the first bloom ever made in this country from peat fuel alone, and we believe the first in this continent. The specimen shown to us was of the very highest quality, and equal to the very best Swedish iron. It was bent, when cold, by a vice, and doubled close up at right angles with an edge, without a crack or flaw appearing, the outer edge remaining smooth and sharp. A severer test of the tenacity of the iron could not have been applied: a result so satisfactory had scarcely been hoped. We are told that no iron manufactured from coal in this country would stand such a test. The fact is one of great importance for Canada, in view of its large supplies of peat and iron. We may add that the time taken in the manufacture was not greater than that usually taken when coal is used. There was no special adaptation of appliances. The furnace was an ordinary coal one, and the men were accustomed to the use of coal. This one further trial of, we may say for us in Canada, new fuel, affords another triumph of which Mr. Hodges may be justly proud. And it may solve one question of protection, which the Legislature denied to Messrs. Morland Watson & Co., if it enable them with a fuel cheaper than coal to produce a more valuable quality of iron than they could before produce—a quality equal to the best Swedish."

RECEIPTS and shipments of grain at the port of Milwaukee from 1st January to 17th November, 1866, with corresponding period of 1865:—

RECEIPTS.		1866.	1865.
Flour.....	bbls.	424,886	332,825
Wheat.....	bus.	12,665,017	10,617,421
Oats.....	"	1,744,222	559,728
Corn.....	"	724,878	247,822
Rye.....	"	365,599	118,862
Barley.....	"	135,709	127,355
SHIPMENTS.		1866.	1865.
Flour.....	bbls.	661,638	504,227
Wheat.....	bus.	11,691,711	9,876,186
Oats.....	"	1,331,304	3,330,000
Corn.....	"	421,930	69,004
Rye.....	"	254,852	51,446
Barley.....	"	16,056	7,616

ANNUAL TIMBER CIRCULARS AND STATEMENTS.

QUEBEC, 30th November, 1866.

WE beg to forward the Trade Returns for the year, comprising the Supply, Export, and Stock of Timber at this Port, with a statement for the past five years, respectively, an average for the same period, together with Prices Current. The season just closed has been one of great activity for the Timber Trade, and our staple article of White Pine has maintained a higher price throughout the season than we have ever known it before. The tightness in the money market, it was feared by some at the commencement of the year, would have had a damaging effect upon our trade; but the feeling was only temporary, and, notwithstanding a great falling off in the number of vessels expected to arrive, prices have kept up without any diminution to the close of the season. During last winter our Government appointed a Commission to proceed to the West India Islands and South America, and we are not without good reason for expecting beneficial results from their visit to these countries. Already the Spanish Government have, with a view of promoting trade between Canada and the Islands of Cuba and Porto Rico appointed a regular Consul to reside at Quebec; and, before long, our trade in sawn lumber must increase for the United States and other foreign countries, while the square timber trade will proportionately diminish.

WHITE PINE.—The stock on hand of this article is of square 10,875,175 against 12,426,850, and of waney 762,903 against 847,187 at the same period last year, and is superior in point of quality to what has ever wintered before, the trifling amount of small and inferior wood on hand in the spring, and what arrived this year, having been worked off by spring shipments and local consumption during the season; and is all, with little exception, in the hands of shippers. It is important not to lose sight of the fact that large tracts of timber limits, of the highest value for lumbering purposes, have, within the past two years, passed out of the hands of those engaged in the production of square wood and waney board, into the hands of those engaged in deals and sawn lumber for the American market; and we cannot shut our eyes to the change that must, before long, take place in our export trade from the large and increasing demand for deals and sawn lumber. The fears entertained by some of the effect of the abrogation of the Reciprocity

Treaty have been unfounded, and has proved that when an article is indispensable, the increased cost falls upon the consumer, while the trade sustains no diminution in consequence.

RED PINE.—The stock on hand of this article is 5,020,415 against 5,949,111 feet last year, two-thirds of which is inferior and small-sized wood. The market has been very dull throughout the season and sales have been made at all times with difficulty and at a sacrifice. There is no reason to expect any change in this article until our shipbuilding trade improves, as Pich Pine from the States has, to a great extent, displaced it in the English markets.

TAMARAC.—The stock on hand is of square 332,139 against 376,357 feet last year, and of flatted 291,227 against 291,359 feet at the same period. Square wood has been in fair request for good large sizes, but small has been difficult of sale. For flatted there has been but a limited enquiry; a moderate production next season will be required for export, but it must be large to ensure a remunerating price.

HARDWOODS—OAK AND ELM.—Stocks of both are reduced, being of Oak 1,417,285 against 1,705,799 feet and of Elm 1,232,214 against 2,332,101 last year. Oak has maintained its price throughout the season, with an improving tone to the market, while Elm has been only in moderate demand; and there seems no encouragement to manufacture.

STAVES.—Stocks on hand have been much reduced: Standard being 425 against 1,092 M., and Punccheon 135 against 2,251 M. last year. They have been in good demand the whole season and Punccheon have been much sought after. Prices this year will, no doubt, operate as a stimulus to next year's production.

DEALS.—Have been in active demand for both Pine and Spruce all the year, with a steadily improving tone to the market, and, although preparations for another year's business are upon an extensive scale, there does not seem any danger of the supply being disproportionate to the demand.

FREIGHTS.—Have been dull and depressed the season throughout, with a downward tendency. 28s. to 28s. 3d for Liverpool and the Clyde were the spring rates, falling to as low as 22s. 6d. They afterwards rallied in October, and the closing rates may be quoted at 24s to Liverpool, and 77s. 6d. for bright Pine deals to London.

Referring you to the Prices Current and Tables annexed,

We remain,

Your obedient servants,

WOOD, PERRY, POITRAS & Co.

Arrivals and tonnage at the port of Quebec for the years:—

	Vessels.	Tons.
Average of the 5 years		
—1857 to 1861.....	1,096	599,672
1862.....	1,191	678,507
1863.....	1,401	742,431
1864.....	1,098	624,028
1865.....	1,021	646,115
1866.....	1,025	605,227

RECAPITULATION OF 1866.

	Vessels.	Tons.
British.....	874	521,185
American.....	2	29
Norwegian.....	131	76,163
Swedish.....	1	790
Prussian.....	9	3,078
French.....	2	1,101
Portuguese.....	3	435
Bremen.....	3	1,366
Total.....	1,025	605,227

REMARKS.

The season now closing has been one of great commercial depression in England, arising from the failure of banking and financial companies to an extent of almost fabulous amounts, which for months enhanced the value of money from 4 to 10 per cent; and although the bank rate is now reduced to 4, yet the effect of the extreme stringency, being of such long continuance, has been to create a paralysis in nearly all branches of trade, and we fear a long period of time will elapse ere the mercantile world assumes a healthy buoyancy.

As if these difficulties in finance were not sufficient for the present stagnation of business, we have had strikes in different branches of trade, and, while we are writing, we have intelligence by the Atlantic Cable of the fears entertained of a general rising in Ireland.

Notwithstanding these disturbing events in the Mother Country, the trade of Canada has, in the main, been good, especially that branch which more particularly concerns those to whom these remarks are addressed.

WHITE PINE has been high all the season, especially in summer, when generally it is dull and heavy of sale, but large purchases, embracing from two and a half to three million feet, were then made for the American market, at prices far beyond what would have justified shipments to the United Kingdom; and we consider it our duty to warn those going home to contract against relying too implicitly on the timber which is manufacturing, and which is intended for this market finding its way to Quebec. Large sales of sawn lumber have been made at extreme prices for delivery in the States in 1867, and square timber will, we think, be bought largely for that market. Buyers from New York and Albany will, in all probability, commence in spring instead of summer, as their purchase this season would have been on a much larger scale had the capacity of the canals been such as would have enabled the timber to have reached the New York market before the close of the canal navigation. The stock wintering is less than last year, by two and a half million feet, but, nevertheless, is larger than was anticipated. The exports have fallen far