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FINANCE AND INSURANCE REVIEW.

MONTREAL, OCTOBER 26th, 1877.

RECIPROCIETY.

We must give our contemporary, the Chicago *Tribune*, the credit of having at last propounded a scheme of reciprocity that can be easily comprehended whether it be practicable or not. He has, however, only partially responded to our challenge, that he should show how his free trade scheme could be worked out. It is important that we should clearly understand what the free trade party in the States are willing to consent to on a subject of such deep interest to us; and our Chicago contemporary is an influential exponent of the views of that section of the people of the neighboring Republic. We are assured that "any scheme which proposes to limit reciprocity to any number of articles or of classes of articles cannot be tolerated. There must be general reciprocity or there can be none." The *Tribune* proceeds to intimate that "the measure must admit to the United States every article, the growth, product or manufacture of Canada, free of all tax or duty, and must also provide for the like admission of all things grown, produced or manufactured in the United States to Canada

"free of duty." The *Tribune* admits that with regard to foreign trade "the question is more difficult. Canada has a low tariff designed for revenue purposes, the United States have a high tariff for protection and not for revenue." To meet the difficulty there must, in the opinion of the *Tribune*, be a uniform tariff, the duties to be divided according to population. Speculating, as we did in our number of the 5th inst., on such a scheme being propounded, we enquired how it would be possible to adjust such a common tariff. We in Canada could probably do so without much difficulty. Either a member of our government or a commissioner appointed by our government could meet a member of the government of the United States, or a commissioner, and arrange with him all the details of a commercial treaty with a reasonable certainty that the Canadian Parliament would sanction what he deemed for the interest of his country. But that very plan has been tried and has been found abortive. Much time and labor were expended in vain only a short time ago in trying to bring about a satisfactory arrangement. True, it was not the precise plan suggested by the *Tribune*, but it was nevertheless the result of lengthened negotiations with persons supposed to represent the views of the government of the United States, and to know what would meet the concurrence of Congress. We deem it unnecessary to discuss the details of the scheme agreed upon. It would not, we are persuaded, have given great satisfaction in Canada but, nevertheless, we have no doubt that if it had been brought forward by the government it would have received the sanction of our Parliament. We entirely concur in a remark made at the commencement of his late article by the *Tribune*, that "to reach any satisfactory reciprocal arrangements between the two countries, the idea of taking advantage of one another must be abandoned," but we maintain that practically, owing to the different systems of government which prevail in the two countries, we are left very much to the mercy of our neighbors. We cannot negotiate with Congress, and if we negotiate with the government of the United States, we have not the least security that any agreement arrived at with that government will be sanctioned by Congress. Nay, the probability is, that the mere fact that Canada had agreed to any conditions on which a commercial treaty might be arranged would be sufficient to induce Congress to believe that it was for the advantage of Canada, and consequently to reject it. That seems, so far

as we can judge, to have been the sole reason for the rather discourteous rejection of our last proposals. It must be borne in mind that the matter was so arranged as to assume the form of a proposal from Canada which the President transmitted to Congress or to the Senate, whereas, in fact, it was by no means what Canada really wanted, but a proposal modified in many essential particulars to meet the ascertained wishes of the United States. The Chicago *Tribune* can hardly suppose that Canada will repeat such a mode of negotiation, and yet the difficulty meets us at once. How is it possible to negotiate with a country which has no government that can give any assurance that its agreements will be sanctioned by the Legislature? We do not think that the Chicago *Tribune* is at all aware of the difficulties in the way of a tariff that would place a foreign country on a more advantageous footing in a dependency of the Empire than the subjects of the Crown in the United Kingdom and in other colonies, to say nothing of difficulties that might arise from the most favored nation clause in commercial treaties with various European States. We prefer discussing the question without reference to difficulties of such a character, and we shall assume that to whatever extent they may be found to exist, they can be overcome. We do not find in the *Tribune's* article of the 16th inst. any reply to our question, "Is Canada to have her fiscal policy regulated by the United States Congress, or would it be possible to devise any measure by which joint action could be secured?" This really is the practical question. So far as the American protectionists are concerned, we should imagine that nothing would please them more than the very scheme suggested by the *Tribune*, provided always they were satisfied with the common tariff. Let us, for argument sake, suppose that the present United States tariff were adopted by Canada *en bloc*, would not the protectionists be satisfied with the abolition of the "frontier custom houses," with all the wonderful results predicted in the former article of the *Tribune*, which called forth ours of the 5th. Why, the *Tribune* predicted a sale of American manufactures to the extent of \$50,000,000 at the start, to be increased in five years to \$200,000,000. We own that we do not believe that the Congress of the United States would agree to any such commercial arrangements as that suggested by the *Tribune*, and which differs widely from any yet proposed by the Boards of Trade, and it is therefore hardly worth while dealing with the question of difficulties