MILWAUKEE AHEAD!

THE Chicago people are given a little to "blowing," and if we are to believe some of them, Chicago is the only city out West. In many respects it is undoubtedly the great city of the Western States, but in one very important respect, Milwaukee is a little ahead of it—we refer to the fact of its being the chief Western depot for Wheat. During the past six years —from 1861—statistics show that a larger quantity of Wheat has been received at Milwaukee than at Chicago, proving the former to be the greatest Wheat mart in the world The probability is, too, that Milwaukee will hereafter keep the lead. The great North-west Wheat producing States, find it better to ship to Milwaukee than Chicago, and although the latter will undoubtedly increase its receipts for many years to come, yet the quantities shipped to its rival further up the lake, promise to increase at a still more rapid rate The following statistics show that Milwaukee already takes the lead :—

Year.	Milwaukee. Bushels.	Chicago. Bushels.
1861	15,930,706	17,639 9 9
1862	15.613,995	13,978,116
1863	13,485,419	11, 80,344
1864	9.147,274	1 257.196
1865	13,053,659	9.465,618
1866	12,664,448	11.960,991
Total, bushels	78 685,501	75,382,174

COMMERCIAL RELATIONS WITH THE UNITED STATES.

THE American press seems to be awakening to the knowledge that the abrogation of the Reciprocity Treaty, which proceeding was either to have forced us into annexation, or failing that, to have resulted in a new treaty more favorable to American interests, has only been productive of injury to themselves, and some among them now profess to believe that only a modification, and not the abrogration of the treaty, was ever sought by commercial men, such modification meaning neither more nor less than a larger amount of concession to American interests, The "New York Prices Current," after stating that they had always believed the Reciprocity Treaty to be one-sided, and that they, therefore favored such a revision as would adapt it to the "progressive exigencies of the time," whatever that may mean, says that,—"The exchange "of products under the treaty, as inequitable as it may "have been, was, on the whole, profitable, if not ex- "actly adapted to the wants of this country. What "was wanted, was not a retrograde step, but such "judicious action on the part of the government au- "thorities as would extend those principles which had "been demonstrated to be beneficial to the best in- "terests of commerce, in other words, commercial "men wanted reciprocity made as nearly equitable as "possible, not repudiated." Exactly so; *that* is precisely what we contend for, that "Reciprocity should be made as nearly equitable," only, unfortunately, we may perhaps differ as to the precise method of making it so. It is admitted that the treaty was, on the whole, profitable to themselves, and that they only wanted a revision of such a nature as to render it still more profitable. Our American friends may make up their minds that we fully understand the case. We now know full well that the Treaty would never have been abrogated, had it not been supposed and believed that we would have been ready and willing to make any concessions they might deem necessary towards negotiating a new one more advantageous to themselves. Fortunately for us the main result of the Provincial delegation to Washington, was to convince people of the truth of this, and to shew us that our only chance of obtaining a really equitable treaty lay in shewing that it was possible for us to exist without one. And this we have been endeavouring to do, with what success, let those who dorve us to it be the judges. No doubt we have suffered some inconvenience. It was quite impossible that so large a reciprocal trade as that which had grown up under the old treaty, could be rudely disturbed without producing some inconvenience, but, on the whole, the result has been to us in the highest degree satisfactory. It has shown us the virtue and necessity of self-reliance; it has tended to draw closer the commercial ties between the scatter d Provinces, and to forward the cause of Colonial Union; it has led us, and not without success, to seek new markets for our productions; and it has, more than all, done much to remove the impression and feeling amounting almost to dependence, which formerly existed among a considerable class. We have reason to be devoutly thankful that the concessions offered by the Washington delegates were not accepted.

Our American neighbours appear to think that they have only to put forth their hands, and forthwith a fresh treaty can be negotiated, at least as advantageous to them as the old one, but they will find this to be a great mistake of theirs. We are perfectly ready to negotiate a new treaty on a basis "as nearly equitable as possible," and this means that in return for the privilege of admission to our fisheries and coasting trade, together with the free navigation of our canals, &c., we should, at least, be admitted to a free participation in their coasting trade, and that our vessels should be admitted to registration in American ports. The Maritime Provinces will not readily consent to any treaty that does not recognize their claims to this measure of justice, and they will have numbers and influence in the Confederate Parliament sufficient to give effect to their opinions in this respect. The principal argument relied on by the American opponents of the treaty was this: that while reciprocity gave us access to a large population as customers, it gave them access to a comparatively small one, and that, therefore, the balance of advantages must necessarily be in our favor; but if the experience of the past year had not abundantly proved the fallacy of this mode of reasoning, a little consideration would serve to show its weakness, for it proceeds upon the assumption that it is only the seller of an article who is benefitted by the exchange of commodities, while the truth is, that in all transactions of unrestricted trade, the advantages are, as nature intended they should be, reciprocal, and the buyer always expects, and ordinarily obtains an equivalent, and something more for his purchase. This subject might be pursued to a far greater length, but enough has been said to shew those among our neighbours who honestly believed that the Provinces derived the larger share of benefit from the treaty, that they were in error, and also to convince those who supposed that its abrogation would result in the speedy negociation of one more advantageous to themselves, or failing that, force us Into Annexation, that they have overshot their mark, and that theirs is but one more illustration of the "vaulting ambition which o'erleaps itsell, and falls on th'other side."

LETTER FROM ENGLAND.

COMMERCIAL REVIEW.

(Special Correspondence of the Trade Review.)

[PER NORTH AMERICAN.]

The year 1866 will be memorable in the annals of finance as a panic year – one of those years which occur at intervals of from 9 to 11 yea s. in which credit is severely shaken, the ordinary modes by which payments are made temporarily destroyed, and many great firms ruinel. A minute hi tory of the panic, or an elaborate examination into its causes would not have much interest for your readers, but it undoubtedly conveys some important lessons, and lessons which seem t present peculiarly applicable to Canada.

In the first place, then, the panic was a financial panic, as distinguished from a commercial one. There were, of course, some commercial failures and considerable mercantile losses caused chiefly by the fluctuations in the price of cotton but these were far less, both in number and importance th n might have been expected, and, indeed looking back on it now the wonder is that there were so few. The disasters nearly all occurred among the contractors for railways and public works and the companies both finance and discount which advanced to them. Of late years a system had grown up by which railways were constructed without practically any shares being taken by the public The means by which this was done, was the issue of debentures and Lloyd's bonds, and a lavish use of the acceptances of contractors and finance companies The object with which these lines were made, was chiefly to compete with existing lines, or more frequently to make a branch line from one great line to another, or in some other way to make it worth the while of the old company to buy up or ease on favourable terms the new company. There were then, defects or sources of danger in this.

1st. Had these lines been really required and with a reasonable prospect of success the landowners and others interested in the prosperity of their district would have been very glad to have joined the undertaking and they and the general public would have subscribed the capital or the greater portion of it. That they did not do so was a proof that the lines were really not required, and comparatively worthless.

2nd. The lines being simply a speculation, were not constructed with a proper regard to economy. In all undertakings the special vice of speculators is want of attention to details and a consequent reckless expenditure. And in the case of public works this is particularly true, not merely on account of the largeness of the undertaking, and the extent to which em loyees have to be trusted, but because the landowners, instead of being willing to take an interest in the concern and to give thei land at a reasonable price, are only anxious to thr w every obstacle in the way of the concern in order to get a higher price for their land, and, in fact, to have their opposition bought off.

3rd The parties who really advanced the money to make the line were just the persons wh, of all others in the community, should not have advanced it. They were generally bill-brokers and finance companies, who held very large deposits re-payable either on demand or at very short notice, and these deposits they cou'd only safely invest in mercantile bills and cash so that they might be able at any time to meet any demand which there might be on them. Instead of this, they lent them to railways, &c., and not only were they unable to get re payment for their loans when they required it, but they were compelled to go on from time to time making further advances, in hopes of finally extricating themselves. When the smash did come, it was found that these railways were all but worthless, and, in many instances three fourths of the expenditure was valueless.

I have said that these bill-brokers should have kept their assets almost entirely in the form of mercantile bills that is, bills founded upon the transfers of the circulating capital of the country It is the result of a very wide and long continued experience, that no form of security is more immediately available than commercial bills, and the reason of this is, that they represent commodities which are continually in demand, which are continually being consumed on the one hand and re-produced on the other. The difference between fixed capital, that is, capital which exists in a permanent form, and circulating capital, is so well known that t would be superfluous here to enter upon it; but however well known it may be, sanguine people are alwa s forgetting it, and entailing ruin on themselves and all connected with it. The failure of the Bank of Upper Canada, with a very large amount locked up in landed property, is an illustration of this error.

The phenomena which are presented when the circulating capital of a country 's being converted into fixed capital undu y, that is, when a portion of the labour of the country, wh h ough' to be employed in producing the materials for food or clothing, is diverted into public wo ks, are unhapp'ly too well known in this country by the experience of the years 1846 and 1847, and in Upper Canada by the experience of the years euding in 1857. There is a great increase in imports, in wages and in rents, and an artificial prosperity is produced, which is followed by years of depression. In the panic of 1866 it was not so much that a very undue proportion of the circulating capital of the country had been converted into fixed. Much capital was, no doubt, sunk in unproductive works, but the quantity was not se great as to have done any serious injury, had it not been that t was the wrong class who had made their unprofitable investments, and their failure was followed by a very wide spread destruction of credit. Men did not know whom to trust when firms like Overend, Gurney & Co., could be guilty of such folly

There is, however, another lesson to be learned and that is the danger of a government or quasi government circulation of paper money. The Bank of England notes are made by the Act of 1844 a legal tender, and in various ways the government has made provision that there shall always be in the bank a sufficient supply of gold to meet any possible demand. In fact this object has been perfectly attained. The Bank of England notes are absolutely safe, and during the late panic every one recognized this. They were not merely not discredited, but the Act had to be suspended so that people who were anxious to get these notes in excess of what the law allowed might be enabled to do so, In so far therefore, the law an-wered its purpose perfectly, but yet it is not too much to say that this legal tender circulation was one of the main causes of the panic.

The effect of the English legislation upon the currency has been practically to throw upon the Bank of England the ta k of maintaining specie payments, and the stock of bullion in the bank is the only fund in the country available for this purpose. In return for the privilege possessed by the bank of issuing legal tender notes, the other banks look to it always to be able to provide them with these notes, and it is no secret that the great London Banks on the afternoon of the 11th of May threatened if the restrictions upon the issue of notes be not removed, to withdraw their deposits, and thus compel the banking depa tment of the bank to suspend payment.

There are obviously very great inconveniences in this system. For example, if each bank instead of relying upon the Bank of England, had to provide for its own liabilities,