

E. H. DERBY AND RECIPROCITY.

(To the Editor of the Trade Review.)

HAVING at length been favoured with the result of Mr. E. H. Derby's investigations in regard to Reciprocity, we may congratulate ourselves upon the fact strikingly brought out by his report, that even the Americans themselves, are not quite deaf to the language of figures, and that the conviction is being forced upon them, that restrictive measures in commerce will (despite the undoubted resources of their country) recoil eventually upon themselves.

The logic of events may within a few short months, teach them also that in matters of taxation, there is no royal road, even for them and that having laid themselves under a load of debt equal to from 15 to 20 per cent upon the labour bill of the country, (i.e.—the amount by which the productive classes are able annually to increase or develop the resources of the country,) they must be content to see other countries less burdened, striving for and obtaining a share of those markets hitherto monopolized by themselves.

The present is undoubtedly Canada's opportunity. If her statesmen are wise and prudent, while at the same time they are capable of entertaining broad views and of adopting bold measures in relation to commerce, her progress for the next 20 years will perhaps exceed anything that even this continent has yet seen. Our people have though somewhat latent all the enterprise, and all the energy of our neighbours; but the contracted limits of their markets have rendered that enterprise nugatory in manufactures.

The indications are, however, that a new era is about to dawn upon us.

There is scarcely any manufacture which in the event of free trade may not be carried on within the Dominion of Canada, far more advantageously than in the neighbouring states; while there are many which could stand their ground against the capital and experience of Europe. Provided only, that the markets open to the Dominion of Canada, shall be of equal extent to those enjoyed by the countries against whom she will compete.

Let us prepare to throw aside the phantasy of protection, and make the country what it may become; the cheapest in the world to live in. But let it be understood that free trade principles, though sound to the core in the normal state of nations, may become deleterious under certain abnormal conditions.

In other words Canada should declare free trade with all nations who will reciprocate it, and protect her manufactures against all those who refuse her own free access to their markets.

This is the goal to be aimed at, but all will see that it is at present impracticable.

This however may be done.

Custom duties may give place to direct taxation as the main source of revenue, and then we shall be free to make such reciprocal treaties with other nationalities as shall be best suited to our wants, the object being always in view, viz., to procure from other lands, material and manufactures which we have no special facilities or advantages for producing, and paying for the same in such products and manufactures, as our soil, climate, water-powers, forests, and the like enable us to obtain or produce more cheaply than others.

Canada must also let it be understood at once and decisively, that she is no longer content to raise raw material for New England mills and factories to work up; but that in any future negotiations with that country, or any other, a Reciprocity Treaty must embrace on both sides the leading manufactures of the country, as well as the raw products of the land.

This brings me to the point in Mr. Derby's proposal, which will strike all who have given it any consideration, as being absurdly impudent.

He first admits, by the facts adduced, that the abrogation of the treaty has seriously injured his own country, while it has tended rather than not to the advantage of the British Provinces, and after shewing that it is no great necessity to the latter, proposes with an air of great condescension, to offer another one in its place, which would admit into U. S. markets free of duty, about one-fourth the value of our exports to that country under the old treaty, in return for which we are to be asked to surrender all our manufactures for the benefit of the Eastern States.

I would venture to suggest, that when the Washington authorities see fit to offer a Reciprocal free list—embodying all the articles in schedule B, & C. of Mr.

Derby's report—our manufacturers will be ready to take up the gauntlet thrown down.

But let it be carefully borne in mind, that although we are ready for Reciprocity with the United States, in manufactures as well as in raw material, we are not prepared to accord free access to our market, (limited and contracted as it now is) to their manufactures unless they are ready, fairly and manfully, to give our manufacturers an equivalent.

The privilege of having New York brokers to handle our raw materials and our grain, and to ship it after making a substantial brokerage to the Lower Provinces and the West Indies—to which places we can ship direct with equal advantage—will hardly be an equivalent for the destruction of our manufactures, and the decay of our enterprise.

Oshawa, C.W.,

EDWARD MIALI, JR.

Feb. 27th, 1867.

LETTER FROM ENGLAND.

COMMERCIAL REVIEW.

(Special Correspondence of the Trade Review.)

[PER ASIA.]

BUSINESS in nearly all departments continues dull, and in addition to the causes which I have more than once pointed out for this dullness, there has been superadded this week a general feeling of dissatisfaction with the programme of the Ministry as to Reform, and apprehensions lest the result should be a motion of want of confidence, or some similar motion, which if carried, would render most likely a dissolution of parliament, and an appeal to the country. However strong men's political feelings may be on either one side or the other, it is always remembered that a dissolution of parliament, means a suspension of business for a month or six weeks, and even the prospect of such a suspension renders trade peculiarly sensitive. The absurd Fenian rising in Kerry has had its effect upon trade, and although the attempt was perfectly hopeless in itself, the funds fell about $\frac{1}{2}$ per cent. in consequence.

An intimation which will strike American traders as no little curious, appears in the papers this week. It is to the effect that arrangements are in progress by which the transactions of the London Clearing House will be published. I need scarcely explain to your readers that the Clearing House, is the place where the bankers of London exchange the cheques which they may cash upon each other, and the balance which may arise upon their exchanges, are settled by cheques on the Bank of England. By a very simple arrangement, each bank which owes money upon the total balance of its exchanges gives a cheque for the total amount in favor of the Clearing House; and then the banks to which money is owed upon, the balance of all the exchanges are paid by cheques drawn by the Clearing House. In this way transactions to the extent of many millions of pounds are settled by a few cheques for comparatively very small amounts. The system here described is with some modifications in force in many towns, and notably in New York.

It is obvious however, that this system is not merely a convenience to the banks, but that a summary of the operations would be of very considerable statistical value. The turn over of cash in a great mercantile community is a very valuable index of the state of trade, and any very great excess of speculation, would no doubt show itself at the Clearing House, long before it could effect the discount market. Accordingly in New York, almost from the commencement of the system the transactions have been published, but in London, although the Clearing House has been in operation twice as long as it has been in New York, there has been no attempt to keep the public informed as to its operations.

In many other respects too the old fashioned secret system of doing business is clung to in this country with great tenacity. The plan for example adopted in Canada of each bank being compelled to publish a monthly statement of its affairs is unknown in this country, and it is all but impossible even to guess at what the extent of the operations of the banks is. There seems to be no reason whatever for this concealment. A monthly publication of the affairs of the banks would furnish valuable information as to the state of trade, whilst it would probably be found that it had a good effect upon banks disposed to be speculative, and might prevent some of them from entering on the downward course.

The position of the cotton trade continues unsatisfactory. The stock in Liverpool is now some 120,000 bales more than at this time last year, but in the uncertainty which prevails as to the future supply prices are comparatively high, and the manufacturers are working if not at an actual loss at a very inadequate profit. It seems not unlikely that the short

time movement, which is now general in several places will become the rule over Lancashire, as the demand in the foreign market is light, and stocks are accumulating.

The money market is abundantly supplied. Rates are still below the bank minimum of 3 per cent.

The returns from the Bank of England for this week present the following results:

	Amount.	Increase.	Decrease.
Public Deposits.....	£ 8,871,000	£ 878,000	£.....
Private Deposits.....	17,746,000		792,000
Government Securities	18,111,000	No change.	
Other Securities.....	18,818,000		896,000
Notes in Circulation...	22,681,000		893,000
Bullion.....	19,177,000	158,000	
Reserve.....	11,646,000	648,000	

This return is favourable, and shows how plenty money now is. It will be seen that the amount of "private deposits," is very nearly equal to the "other securities." In other words, the bank is able to lend at 3 per cent to its mercantile customers, the money of its other customers, also largely mercantile for which it pays nothing.

The Bank of France returns are as follow:—

	Increase.	Decrease.
The Treasury Balance	2,660,000	
The Private Accounts.....	1,560,000	
The Commercial Bills.....		12,500,000
The Notes.....		600,000
The Cash.....	12,500,000	

This return is also favourable, and the cash has experienced a considerable increase.

February 16, 1867.

H.

U. S. WOOL TARIFF.

ALTHOUGH the Tariff Bill failed to pass in the Congress that expired on last Saturday, a Bill was passed raising the duty on Wool, so that on clothing and combing wools a charge of from 13c to 17c is levied, carpet wools paying 3c to 6c according to value. The N. Y. Tribune gives the following synopsis of the Bill:—

"The bill raising the tariff on Wool, which passed the Senate on Saturday, was adopted by the House last session, signed by the President yesterday and is printed in full on the second page. It divides the subject into three classes—clothing wools, combing wools, and carpet wools. The duty on the first class, upon wools valued at 32 cents per lb., is 10c per lb., and 11 per cent. ad valorem; when valued above 32 cents, 12 cts. specific and ten per cent. ad valorem duty. The same rates are fixed for wools of the second class and on those of the third, 3 cent. per lb. on wools valued at 12 cents, and on those exceeding 12 cents, 6 cts. per lb. It is provided that washed wools shall pay double duty. On woollen cloths, shawls, etc., 50 cents per lb., and 35 per cent. ad valorem are levied; on blankets, flannels, etc. from 20 to 40 cents per pound, according to the grade; on hosiery, 20 cents per square yard, and 35 per cent. ad valorem; on dress goods, 6 cents per yard, and 35 per cent. ad valorem; on clothing ready made, 50 cents per pound, and 40 per cent. ad valorem; 50 cents per pound and 50 per cent. ad valorem are imposed on webbing, belting, etc. The duties on carpets are 50 p. cent. ad valorem on Aubusson, on Brussels 44 cents per square yard and 35 per cent. ad valorem, and on other kinds in proportion."

THE CONFEDERATION BILL.

THE text of this highly important measure is far too lengthy for our columns, and we accordingly compile the following synopsis of its most important clauses.

The preamble recites that the Provinces of Canada, Nova Scotia and New Brunswick desire to form a federal union, with a constitution "similar in principle to that of the United Kingdom," and provides that they shall form one Dominion under the name of Canada, which Dominion shall be divided into four Provinces, named Ontario, Quebec, Nova Scotia, and New Brunswick.

By Sec. 8. The general census of the Dominion is directed to be taken in 1871, when the respective populations of the four Provinces shall be distinguished.

Sec. 9. Vests Executive Government in the Queen.

11. Provides for the appointment of a Privy Council.

12. Continues all previous legislative powers, and vests them in the Government of the Dominion.

14. Authorises the Governor General to appoint Deputies to fill the duties of his office.

15. Continues and vests the command of all land and naval forces in the Queen.

18. This clause, re-opens the seat of Government question. It says, "Until the Queen otherwise directs the seat of Government shall be Ottawa."

17. Enacts that the Parliament of Canada shall consist of the Queen, an Upper House, styled the Senate, and the House of Commons.

18. Extends all privileges and immunities of the British House of Commons, to the Canada House of Commons.

19. Provides that the general Parliament shall be