

CANADIAN MERCHANTS' MAGAZINE

AND

COMMERCIAL REVIEW.

VOL. II.

FEBRUARY, 1858.

No. 5.

Our Financial Difficulties.—Their Cause and Cure.

It is said that great emergencies produce great men, but whether our present commercial troubles are of sufficient importance to call forth the display of extraordinary talents, remains to be seen. We cannot doubt that in any case Canada will ultimately emerge from the difficulties of her position. Her natural advantages and the energies of her people are sufficient to restore to a very great extent her disordered trade. But it is not the less necessary on that account to enquire into the causes of the present depression, as on our knowledge of these must depend the success of remedial measures, and the prevention of similar calamities. Why *all* countries are liable to periodical revulsions is a question of political science worthy at all times of serious consideration. Why *our* country now suffers so severely is matter for more immediate and practical enquiry.

It is generally admitted that the large foreign balances now against us is the principal cause of the present depression. The great questions then are, how have those adverse balances arisen? How they can be settled, and how prevented in future? That such adverse balances exist, a glance at the imports and exports of the last two years furnishes unmistakable evidence. There can be no graver error than to suppose that all we require is *currency* to restore our trade. Flour and meat are as necessary as gold to develop our resources, and the policy which drives these out of the country to meet our foreign indebtedness, whatever be the state of the foreign markets, is as suicidal as that which drives out the gold.

It is a nation's surpluses, not her necessaries that she ought to send abroad. While we export the raw material, whether in the shape of flour, meat, wool, hides or any other article, and import goods which might have been manufac-