

COMMERCIAL RELATIONS BETWEEN CANADA AND NEW BRUNSWICK.

THE exertions which were made this year to develop the internal trade between the British North American Colonies, are beginning to bring forth fruit. We published last week an extract from a St. John contemporary, stating that a much larger quantity of Canadian flour than usual was seeking a market there. From private sources, we learn that quite a swarm of Canadians, all more or less interested in the flour trade, have been visiting St. John, and that it would appear certain that a very large quantity of flour would be sent there on consignment this fall. It will be well for Western Canadians to make efforts to get as much there as possible *via* the St. Lawrence, in order to avoid any delays afterwards, at a time when the Grand Trunk Railway will be occupied to its utmost capacity, and be probably unable to do all the business that will offer. The arrangements made by Mr. Brydges, and the efforts made to improve the condition of the road itself, will undoubtedly result in securing increased facilities to shippers to St. John and elsewhere; but we would still advise our millers to be beforehand, and thus completely shut out the American dealers from any participation in the trade. A Toronto gentleman, who was amongst the Canadian visitors to the Lower Provinces, and is interested in steamboats, made the statement that, with a freight of 15c per barrel from Shediac to St. John, he would undertake to deliver flour at St. John, loaded at Toronto, for 65c. These rates would keep out all American flour; and if they can be obtained, our shippers ought to send down, as soon as the weather is cool enough, some forty or fifty thousand barrels, to be stored there for winter use, before the close of the St. Lawrence navigation.

With reference to Confederation and the Intercolonial Railway, the London Times of the 15th inst. has the following:—

"It is understood that an arrangement has been come to between the British Government and the Nova Scotia and New Brunswick Commissioners, with the concurrence of the Canadian Government and Legislature, on the details of the Confederation of British North America, and of the Imperial guarantee of the same required by the Inter-Colonial Railway. This guarantee has been promised successively by Lord Grey in 1851, by the Duke of Newcastle in his despatch of the 12th of April, 1862; and by Mr. Cardwell, in a despatch of the 17th of June, 1865; but it was made dependent on the assent of the provinces to the Confederation, which Nova Scotia and New Brunswick had until now withheld, and also on further evidence that the sum of £3,000,000 originally stipulated for should suffice for the purpose. All the Provinces have now agreed to the Confederation, and it is said to have been conceded that a contingent fourth million shall, if found necessary, be further guaranteed. Canada, however, having already constructed 120 miles of railway, from Quebec to Trois Pistoles, (Riviere du Loup) and Nova Scotia 60 miles, from Halifax to Truro, there remain but 300 miles to construct, and, at the official estimate of £7,000 per mile, probably the £3,000,000 will suffice. The Halifax and Truro line has cost under £600,000, or about £8,000 per mile. The primary guarantee is to be given by the Provincial Legislatures in the following proportions:—Five-twelfths by Canada, three and a half twelfths by New Brunswick, and the same proportion by Nova Scotia. Certain securities are to be hypothecated in return for the supplementary Imperial guarantee, which is calculated to enable the colonies to borrow at about 4 per cent. The Canadian Commissioners have just arrived, (this statement is an error); but their business is now reduced to little more than the form of signing the convention for the Confederation and the railway guarantee, which Lord Carnarvon, it is understood, is remaining in town to complete. The nature of the country to be traversed is not such as to render the Intercolonial Railway, which will now be commenced immediately, a very tedious affair. It is calculated to bring Quebec within 18 hours of Halifax. Meanwhile, it appears that Mr. Brydges, the Managing Director of the Grand Trunk Railway, with the view of doing as much as possible during the interval, has given an immediate impetus to the intercolonial traffic of the Grand Trunk, by placing two lines of steamers from its terminus at Portland, the one to St. John, New Brunswick, and the other to Halifax. In a pamphlet lately published at Montreal, Mr. Brydges asserts that a large trade is likely to be carried on from Canada, and from Maine, Vermont, and New Hampshire, with Nova Scotia and New Brunswick, through the Grand Trunk line to Portland, with the aid of these steamers, pending the construction of the Intercolonial Railway."

By far the easiest and cheapest way for Canada to secure a winter sea-port, is by the completion of the New Brunswick and Canada Railroad between Woodstock and River du Loup, the distance being short, very greatly shorter than the 800 miles referred to in the Times article. The objection that the road to St. John would run too near the frontier is, we believe, overstated. Whichever way the road runs, whether

by the Northern route or *via* Woodstock, it will still be impossible to get over the difficulty of having to pass along the neck of land between the St. Lawrence and Maine, beginning in a line with St. Joseph, extending down to Granville. If the Americans wished to break Canada's connection with the sea-board, that would be the point attacked; and if a strictly military road, secure from attack, be a *sine qua non*, engineers must locate the railroad by some other route than by the neck of land which joins Canada to New Brunswick. There will be, for that Province, western extension from St. John to Bangor, and eastern extension from Moncton to Truro, built by companies; and if the link from Riviere du Loup to Woodstock be built, it will intersect the western extension. This will secure to Canada the desired railway connection with open water in winter by the shortest cut, on British territory, and will also get a complete Intercolonial Railway to Halifax by a shorter route, and with less difficulty than that by the North Shore.

MORE BACKBONE NEEDED.

Mr. McGIVERN.—The time had arrived when the people of this country ought to take a firm stand in dealing with the Americans. If they endeavoured to destroy our shipping trade, we had means of retaliating on their trade by closing our canals to them.

Atty.-Gen. MACDONALD.—Is the hon. gentleman in favour of closing our canals and the Welland Railway to American shipping?

Mr. McGIVERN.—Yes, if it is necessary.

Atty.-Gen. MACDONALD.—Is the hon. gentleman, I say, in favour of closing the canals?

Mr. McGIVERN.—I told you so already. (Laughter.) I approve of doing it, if it is necessary, to bring the Americans to their senses.

THE foregoing colloquy, which took place during one of the last days of the late Parliamentary session, involves a question of policy of considerable importance to this country.

It is no longer possible for the people of Canada to shut their eyes to the fact that the commercial legislation of the United States is hostile to our interests. Many of our people, and not a few of our public men, have clung to the belief that the change in the policy of the Americans towards us would only be of a temporary character—that, after the irritation caused by the international questions arising out of the rebellion had calmed down, there would be a return to the cordial and close commercial relations which existed during the previous ten years. Judging from present appearances, these expectations seem to be doomed to disappointment. So far from our neighbours giving evidence that our extensive commerce is again commencing to assume that importance in their eyes which it formerly had, and deserves to have still, they seem bent on placing every restriction in its way that they possibly can.

In proof of this, we have only to mention that within the past few weeks, two or three fresh restrictions upon our trade have been put in force across the lines. One of these is particularly obnoxious, not only to Canadians, but to shippers in the Western States. We refer to the order from the Treasury Department prohibiting Canadian vessels from carrying grain from the Western States to Port Colborne, in Canada, which is destined for Oswego or any other American port.

The American navigation laws have always been very illiberal. We allow American vessels to trade between one Canadian port and another; and it was beautifully put by the Hon. Joseph Howe, at the Detroit Commercial Convention, that an American vessel could trade from one British port to another all round the world. Under American law, however, no Canadian or any other foreign vessel can trade between one American port and another. For some years past, many Canadian vessels have been engaged in bringing freights from the West to Port Colborne, whence the greater part passed over the Welland Railway to Port Dalhousie, and from the latter place was re-shipped to Oswego, or some other American port lower down. By a very strict interpretation, the Secretary of the Treasury has concluded that this is an evasion of the spirit of the law, and, consequently, has forbidden Canadian vessels to engage in such traffic in future.

The effect of this order, if not repealed, will be to drive nearly all our Lake shipping from the Western Lakes, and inflict serious injury upon us. We have now quite a number of different kinds of craft engaged in this trade, and a large amount of capital invested; the effect of this order upon the owners of these may be easily understood. Its effect upon shippers in the Western States will also be injurious, and we are glad

to see that in Chicago and elsewhere the obnoxious order is causing great indignation. It will serve to force shipments to Buffalo, thus leaving the Western people at the mercy of the monopolists of that city. By Canadian vessels, the people of Chicago have been able to send grain to Oswego 5c cheaper per bushel than to Buffalo. Now, freights must rise, Oswego be seriously injured, and the Western farmer get less for his produce,—and all for what? Apparently little else than to damage our lake shipping!

This being the way in which the Americans treat Canada—not fostering, but throwing barriers in the way of international trade,—the question becomes important: what should our commercial policy be towards them?

What our policy has been of late, we need not dwell upon. Since the abrogation of reciprocity by the United States, we have treated them with as much, if not more, liberality than before. Not to be too nice about it, an impartial observer might say we had "knuckled down" considerably. What they are pursuing a commercial policy undeniably hostile, we have continued to them nearly all the privileges for which they have withdrawn the equivalent. They have our fisheries almost for nothing, they use our canals as before, and they can make use of Canada as a market almost as freely as ever. Is this policy wise or prudent? Does it not withdraw the principal arguments which would influence our neighbours to enact a new treaty, and tend to create a feeling that we are either too weak or too pusillanimous to adopt a more manly policy and can therefore be treated with contempt?

From what fell from Mr. McGivern and others in the debate referred to above, the feeling appears to be increasing in Parliament that commercial liberality should not be all on one side. From what we have seen lately, our hopes are becoming "small by degrees and beautifully less," as to a conciliatory policy bringing about a change in our neighbour's course towards this Province. It would almost appear that the only potent argument with their Government would be for us to keep our fisheries and other privileges to ourselves, unless they are willing to grant us something in return. This policy is not that which our people generally desire to see regulating the commerce between the two countries; but it is one which the hostile course of the United States may force upon us in self-defence.

One thing is very certain, the people are getting heartily sick of seeing the restraints placed upon our trade by the Americans met by concessions. The unfairness of this course to Canada—aside from the questions of expediency—ought to be sufficient to cause a stoppage thereof at once. Take this last blow at our Lake shipping, for instance. The immense advantage of the Welland Canal to the United States is well known, bringing, as it does, the Western States into water connection with American ports on Lake Ontario and the Atlantic coast. Whilst they are enjoying the advantage of this important work, which cost us about \$30,000,000, they coolly adopt an illiberal view of an illiberal law, which will largely shut out our shipping from Western waters, and renders our canal of little use to any but themselves! To use a vulgar phrase, this appears to be "running the machine into the ground," and it becomes a very pertinent question whether, under such circumstances, we should continue longer to allow our canal to be used by a neighbour who takes everything he can get, but gives nothing in return.

The idea of a "retaliatory policy" is one which Canadians very much dislike. They know it to be contrary to sound principles of trade, and it is not the kind of policy which is desired between two kindred peoples. But we cannot afford to allow our commerce to be injured right and left without some protest, and it is worthy of consideration whether the time has not come when, in justice to ourselves, and with a view to bring about a better state of things, our Government should not give our neighbours clearly to understand that this country cannot continue to confer upon them the most valuable privileges whilst everything in the shape of an equivalent is withdrawn from us.

Bank of England Rate of Discount.

The Bank of England last week reduced the rate of discount to seven per cent. To English ideas, this is still an abnormally high rate, and calculated to check business. We presume it will be lowered gradually, as complete confidence is restored, governed somewhat by the quantity of bullion that may flow into the bank vaults.