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THE MONETARY TIMES,
AND TRADE REVIEW.

TORONTO, CAN. FRIDAY JULY 10, 1874.

RECIPROCITY—BEFORE AND AFTER

The proposal to renew reciprocal trade between the United States and Canada, continues to excite much attention upon the other side of the lines. The battle among our neighbors promises to be warm, the proposed treaty have strong opponents as well as warm friends; throughout the Dominion, on the other hand, the question has excited far less discussion and interest than we expected. Vitally effecting our commercial interests as the proposed measure of free trade must, if adopted, it is difficult to account for the quiet reception which the publication of the Treaty has recently received at the hands of the people generally. The cause of this, we fancy, is to be found in the fact that experience has taught us that, whilst both countries would be benefitted by freer commercial intercourse, our Trade is not dependent upon American markets, that we have prospered as never before since the Treaty of 1854 expired, and that reciprocity or no reciprocity, we are now quite able to keep with our neighbors in the race of material progress.

The policy adopted by the United States in 1866, when they placed high duties upon our productions entering their markets, was partly owing, we are willing to admit, to their financial necessities. But there can be little doubt that the main cause underlying their action was the desire to in-

fluence our political relations, and there can be still less doubt that this policy, which Consul-General Potter boldly avowed at the famous Detroit Commercial Convention, has been an ignominious failure. The leading public men of the United States now feel that they committed a blunder, that their restrictive commercial policy, has united British America from the Atlantic to the Pacific, and whilst injurious to themselves, has had no appreciable effect in retarding our prosperity.

If they consult their own trade returns, and we know our neighbors are sharp in examining who gets the best of a bargain, they cannot reach other than the foregoing conclusions. We have lately been put in possession of the United States returns bearing on the course of our international commerce, and although the figures differ from our Canadian returns, they bring out very clearly, that whilst before and during the late Treaty, our neighbors had the balance of trade in their favor since that time—and consequently since their restrictive policy came into swing—they have bought from us more, and sold us relatively less than they ever did before!

Before the late Reciprocity Treaty came into force, the total trade of the United States with all the Colonies, averaged \$14,250,000 in round numbers. The year prior to the Treaty it reached \$20,691,360. But during the very first twelve months of the Treaty operations, our transactions rose to \$33,492,754, and at the close of the last year, the annual volume of transactions had swelled to \$84,070,955! These figures incontestibly prove the beneficial effect of the Treaty in promoting trade between the two countries, a trade, we may remark, more profitable than any carried on with other countries. During this time, however, the balance of trade was almost invariably in favor of the United States. According to their returns the operations under the Treaty were as follow:

United States sold Canada	\$346,180,624
Canada sold United States	325,720,520

Balance in favor of U. S.	20,454,104
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Taking Canadian returns, the balance in their favor was much larger. We took from them during the Treaty articles to the value of \$359,667,257, and sold them in return goods worth \$263,870,268. These returns, as well as those preceding, are calculated in gold, and they show the large balance of \$95,796,989 in favor of our neighbors. The discrepancy between the two balances is partly accounted for by the high prices placed upon importations from Canada (there being no duties) during the

period which elapsed after the war broke out and before the Treaty was abrogated. But, taking either of these statements, it is evident that the Treaty greatly increased international trade, and that the Americans had a large balance in their favor, which we had to pay in gold or its equivalent to square off the account.

Now, let us see what followed the repeal of the Treaty? Their trade with us fell immediately from an average of \$75,000,000 per annum to \$57,000,000. We are giving, the reader must remember, American returns, and according to them the total transactions between the two countries for the last three years after the Treaty ended, were as follow:

1864.....	\$67,909,162
1865.....	71,374,816
1866.....	84,070,955
1867.....	57,927,347
1868.....	56,624,493
1869.....	56,287,546

These figures show a marked decline in the trade between the two countries, which was a decline undoubtedly attributable to the fact that high duties had taken the place of free commercial intercourse. What the effect was upon the commerce of the United States generally, we are not in a position to determine; but so far as Canada is concerned, our trade began to turn into new channels, except when the Americans offered us, with the duties added, as good prices as we could get elsewhere. For the first two years after the Treaty there was some disturbance of trade, the total transactions of the Dominion, with Newfoundland added, amounting to \$139,500,000 in round numbers per annum; but since that time, the expansion in our commerce has been rapid, having reached last year (Newfoundland included) \$235,301,203! So marked has been our advancement in the face of the hostile fiscal policy of our neighbors, that even our trade with them has revived, and our annual exchanges are now as great as during the Treaty, having been in round numbers seventy-one millions in 1871, seventy-three in 1872, and eighty-two millions last year. The Americans are shrewd enough to see that a country whose total trade (see figures above) has nearly doubled since 1867, cannot have suffered much from their restrictive commercial system, and is abundantly able, to use a common phrase, "to hoe its own row."

But how has the balance of trade been since the Treaty terminated. This is a point which our neighbors have always regarded as of the highest importance, and according to their statistics, with the abrogation of the late Treaty, so long and con-