

THE RESULT.

Our readers will have already seen by the daily papers the utter failure of the Reciprocity negotiations at Washington. The text of the propositions and counter propositions between the Provincial Delegates on the one hand, and the United States Committee of Ways and Means on the other, will have been most attentively perused. It will have been seen that the Provincial Delegates proposed:—

- 1st Free trade in the natural productions of the United States and the Provinces; subject, on both sides to the Internal Revenue Duties.
- 2nd. That the present arrangement, as to the Fisheries, shall continue.
- 3rd. The free navigation of the internal waters of the continent, coupled with an effort to improve Canadian water communications.
- 4th That Canada would adjust her Excise duties upon spirits, beer, and tobacco, in accordance with a revenue standard to be mutually adopted.
- 5th. A continuance of the present bonded system through both countries.

In response to these propositions, the Committee of Ways and Means proposed, on the part of the United States:—

- 1st That they should decline to admit free any articles whatever from Canada, with the exception of burr millstones, rags, firewood, grindstones, plaster, and gypsum.
- 2nd. That they ask a right to fish as at present. They would abolish the present fish bounties, but impose an import duty more than equivalent to these bounties.
- 3rd. That the present navigation arrangement should continue, providing that no discrimination, as to tolls, should be made between United States and British craft.
- 4th. That the present bonding system should continue.
- 5th. That the following should be the duties levied on other articles, proposed to be included in this Treaty:

Animals, living, of all sorts, twenty per cent *ad valorem*.
Apples and garden fruit and vegetables, ten per cent *ad valorem*.
Barley, fifteen cents per bushel.
Beans, except vanilla and castor oil thirty cents per bushel.
Beef, one cent per pound.
Buckwheat, ten cents per bushel.
Butter, four cents per pound.
Cheese, four cents per pound.
Corn, Indian, and oats, ten cents per bushel.
Corn meal, Indian, and oatmeal, fifteen cents per bushel.
Coal, bituminous, fifty cents per ton.
All other coal, twenty-five cents per ton.
Flour, twenty-five per cent, *ad valorem*.
Hams, two cents per pound.
Hay, one dollar per ton.
Hides, ten per cent, *ad valorem*.
Lard, three cents per pound.
Lumber, pine, round or log, one dollar and fifty cents per one thousand feet.
Lumber, sawed or hewn, two dollars and fifty cents per one thousand feet.
Lumber, tongued and grooved, or finished, twenty-five per cent, *ad valorem*.
Spruce and hemlock, sawed or hewn, one dollar per thousand feet.
Spruce planed, finished or partly finished, twenty-five per cent, *ad valorem*.
Shingle bolts, ten per cent, *ad valorem*.
Shingles, twenty per cent, *ad valorem*.
All other lumber of black walnut, chestnut, bass, white wood, ash, oak, round, hewn or sawed, twenty per cent, *ad valorem*.
If planed, tongued and grooved, or finished twenty-five per cent, *ad valorem*.
Wool, ten per cent, *ad valorem*.
Peas, twenty-five cents per bushel.
Pork, one cent per pound.
Potatoes, ten cents per bushel.
Seed, timothy and clover, twenty per cent, *ad valorem*.
Trees, plants, and shrub, ornamental and fruit fifteen per cent, *ad valorem*.
Wheat, two cents per pound.
Wheat, twenty cents per bushel.

To these propositions the Provincial delegates would not of course, agree, and they were perfectly right in coming to the conclusion that the Committee of Ways and Means "no longer desired that the trade between the two countries should be carried on upon the principles of Reciprocity. The negotiations therefore ceased, and the delegates returned home.

There can be but one opinion as to the result of this. The propositions made by the Canadian Government were liberal and just; those made by the United States Government illiberal and unjust. On the one hand a disposition was evinced to meet any objections that had hitherto been made to the Treaty; to enlarge the facilities for transport; to aid the United States

in the collection of their Revenue, by the prevention of smuggling; and on the whole to adapt the conditions of the Treaty to the new and exceptional circumstances in which the United States found themselves. On the other hand, no disposition whatever, in favour of the continuance of commercial relations between the two countries, was evinced; on the contrary there was shown a spirit of exclusiveness and isolation. Non-intercourse—if not coercion—was plainly the principle with which the United States were actuated. It is well that Canadians should thus early understand this; and we hail with more than ordinary gratification the temper of the people on the subject, as evidenced by all classes and parties. From every town and village of the Provinces, we hear of but one sentiment—a determination to rely upon our own resources—to build up a commerce of our own, and to depend as little as possible upon our neighbours. Nothing could have transpired which will so well tend to develop a national and self-reliant spirit among our people. Confederation of the British North American Provinces once accomplished, and improved facilities for trade between the colonies, there is no doubt that many good results must flow to us from the mistaken policy of the United States.

Canadians have nothing to regret in relation to these negotiations. We have found fault with the Government for not procuring and circulating more information on the subject of the Treaty on the United States; and we are still confident that nothing but the greatest possible ignorance of the nature of its operation prevails in that country. The negotiations were conducted with a degree of ability and state-manship creditable to the Provinces and compare very favourably with the lack of impartiality and liberality evidenced by the opponents of the Treaty. All that could legitimately be offered upon our part has been offered and refused. Every effort which was right and proper to make in our interest was made, but without success. The Provinces have discharged their duty, and have now made up their minds to depend on themselves. We were never in a better position than now to stand the loss of the Treaty, while the United States were never in a worse one; and if our Government and people but continue in their present temper, the abrogation of the Treaty instead of being productive of ill effects, must tend materially to develop the resources of our country, and this, which was intended as a serious stroke at our commercial existence, will aid more than anything else the success and prosperity of our people.

INVESTMENT OF CAPITAL IN CANADA.

We do not intend, by this somewhat well-worn title, to draw the attention of capitalists and money-lenders in England to the resources and capabilities of Canada. Those who want "undoubted security," and twelve per cent. interest for their money, will find small comfort in the contents of this article. Their day, we sincerely hope, is over and gone; for useful as they may probably have been in some very isolated cases, we do not need to tell those who know what it is to borrow at that rate, that in ninety-nine out of a hundred, such interest is very certain, before long, to eat up the principal, and bring the borrower to ruin.

What we mean by investment of capital in Canada, is the investment of Canadian capital—now, we are thankful to say, becoming more abundant than for some time back—especially in the western section of the country. We are getting nearly through the long train of wretched time bargains, made in the heat of the horrible land speculating era, when everybody that could scrape a little money together, by any means, bought some real estate on enormously extended credit. Ten years was the ordinary time for these bargains to run, and when the crash of 1857 came, thousands of people all over Western Canada found themselves committed to yearly payments, continuing until 1867, and all for properties whose value bore no shadow of proportion to the sums given for them. By far the larger part of these wretched burdens are now discharged in one way or another, and hundreds of men are beginning to breathe freely who, for many weary years, have been staggering under heavy burdens. For one who was doing well and saving money, in 1838, we have now at least fifty, which fact, coupled with the extraordinary prosperity, caused by the recent good harvest, is now beginning to tell upon the accumulated capital of the country.

We, therefore, find an abundance of money seeking investment, not furnished by English capitalists, but

by our own people. Money for investment is almost a drug in the leading cities of Canada West, and the great loan companies are becoming seriously embarrassed in consequence of the large funds accumulating on their hands, and the want of demand for them.

We cannot say we are sorry at this lack of customers. Farmers have found out that they cannot borrow at ten or twelve per cent. and live; and the best thing we can wish for the general good of the country is that these rates may utterly disappear and never be heard of again. They belong to a class of business better known to Jews and usurers than to capitalists who get good landed security. When the loan companies can lend at six or seven per cent., net, they will have plenty of applications; and, unlike the class who borrowed at the old rates, their customers will thrive and prosper by the loan.

We have been led to these observations by noticing the proceedings of a recent meeting of The Canada Landed Credit Company, held at Toronto. This Company, like some others in Canada, was based on the idea of borrowing money at cheap rates in England, and lending it at much higher rates in Canada. Security on land was proposed to be taken, and arrangements made for repayment of the loan by instalments.

Nothing can be better than the general principle of these landed credit companies, and that feature of their operations is highly to be commended, which makes it incumbent on the borrower to pay off his mortgage gradually. Unfortunately the rate of interest, which is nominally only seven per cent., is increased to ten or twelve, by the manner in which the arrangements for repayment are calculated.

This, however, is by the way.

The Canada Landed Credit Company, however, have found it difficult to raise money in England for some years back, and consequently their business has been of a very restricted character. They are now, therefore, turning their attention to the possibility of raising money in Canada, and this was the leading feature of their report just presented to the Stockholders.

It cannot be questioned that this is a step in the right direction. It is time this chronic dependence on England, for supplies of money, should cease. Every year, like worthy children of noble parentage, we are becoming less and less dependent, politically, on the nation we are proud to call our mother; and the movement toward Confederation developed qualities of statesmanship we had not been supposed to possess. We have sent out Commissioners of our own, to foreign countries, to seek out new avenues of trade, and we had recently Commissioners negotiating in Washington as to a renewal of Reciprocity. All this, so far from being displeasing to Britain, is precisely what she desires.

The same course should be pursued with regard to matters of finance. Time was, when a banker used to reckon a credit in England—i.e. liberty to borrow money there—as good as gold in his vaults, but the revalling high rates of the last few years have worked a marvellous change in his mode of looking at things. Similarly, when a county or city wanted to borrow money, nothing was thought of but sending off to England. But now there are so many other competitors for her surplus funds, that they find no chance of a hearing except at rates which would be ruinous. For all this we have reason to be devoutly thankful. It will do us good Canada has borrowed too much from abroad, and it is a most admirable thing for us to be forced to depend on our own resources. Let the county and municipal debts all be owned by Canadian capitalists, and the interest form part of Canadian incomes, it would have a wonderful effect on our general prosperity. The law of compound interest would then come into play through a thousand channels, and wealth would go on accumulating year after year. By-and-by the debt of the Province itself might be brought into the same happy position, and Canada would have the proud satisfaction of occupying the same position towards other countries as the glorious parent state, viz. to owe them nothing but good-will.

—M. Gaudin, the eminent French chemist, has recently made a valuable discovery in the manufacture of iron. He finds that by adding to it, when in a state of fusion, peroxide of manganese and phosphato of iron, a degree of excessive hardness is acquired, which makes the metal especially valuable when used in machinery.

—Intense excitement had been created in South Australia by the Chilian war, and all sales of copper had been stopped. The rebels on the east coast of New Zealand have been defeated, and have surrendered.