

the treaty fail, it most assuredly will be the fault of France; and we are told that the spirit of retaliation is taking hold of the masses of the people of Great Britain. It would be unprofitable to discuss the probability of the adoption of a retaliatory policy by Great Britain, but in Canada we are free from all difficulty on the subject. We have been, on the whole, much better treated by the United States than by France, and yet we have not hesitated to impose an *ad valorem* duty on the long price of sugar, so as to countervail the bounty granted on exportation, a policy that British refiners have been unable to persuade their Government to adopt towards France; and we have imposed a differential duty on tea, imported direct from the United States, to countervail that imposed by the United States on tea imported from Canada. There can, therefore, be no objection to the principle of a retaliatory duty on French exports to the extent of the duty imposed in France on Canadian imports in excess of those from the most favored nations. We have a right to expect that our Government will be firm in its attitude towards France under existing circumstances. It should demand simple justice, and if that be refused, it should not hesitate a moment to adopt a retaliatory policy.

We have been rather amused at the simplicity of *La Minerve*, when it declares that, not being so particular as Sir Charles Dilke, it will be well pleased to *profit* (?) by the communications of M. Lefavre, without thinking of the want of courtesy with which he has been reproached. Can it be possible that M. Lefavre can have succeeded in duping those French Canadians with whom he has chiefly associated? We should like to be informed how Canada can *profit* by any convention with France. The general French tariff has already been adopted, and the duty on ships has been fixed for the world at large, at the same rate as it formerly was for the most favored nations. There will be no free admission of cereals; and as to manufactures, however important low duties may be to Great Britain, they are quite immaterial to us. It is France that wants to *profit*, and the astute consul has fancied that he could obtain some credit for himself by persuading the French Canadians that they would obtain great advantage by a treaty of commerce, under which he expected to obtain a reduction of the duties on French brandy and wines. Any such concession would involve serious loss to the revenue, as it would become necessary to make a corresponding reduction in the excise duty on spirits, as well as in the customs duty on rum and Geneva.

There need be no further apprehension of irregular negotiations between the French Consul at Quebec and influential gentlemen of his race. Sir John Macdonald has disclaimed altogether for his Government any participation in these *latonnemens*; and we have no apprehension that Sir Alexander Galt will allow himself to be duped by the French diplomatists. It is desirable, in the meantime, that it should be clearly understood that France alone is responsible for the unsatisfactory commercial relations which subsist between her and Great Britain as well as Canada, and that, as regards Canada, the remedy is in our own hands.

We have not failed to notice that the Imperial Government is occasionally reproached by journals that ought to be better informed on the subject, for having forgotten Canadian interests in the Cobden treaty. So long as Canada maintains its right to regulate its own tariff it must be obvious that Great Britain cannot undertake to make pledges on its behalf to foreign governments. With regard to the form of negotiation, we believe that Sir Alexander Galt has already had an opportunity of representing the wishes of Canada to France, and that they have not been complied with. To attempt to throw blame on the Imperial Government or on our position as a dependency, because France is unjust, is anything but fair. If Canada were independent to-morrow there is no reason to suppose that France would not demand the same concessions that she does to-day, and we can retaliate now just as well as if we were independent. After all the trade with France is comparatively unimportant. It may be said that we would export more if we had justice, though it is doubtful. There is no reason to suppose that we would import more, as we receive French goods now on the same terms as from other countries; and while our imports from Great Britain are about 35 millions, and from the United States about 30 millions, they are only about a million from France. As to our exports they amounted in 1880 to \$812,829, of which \$694,228 consisted of Canadian products, \$620 of which were manufactures, \$363,204 products of the forest, \$322,844 agricultural products, of which \$312,290 were oats from Prince Edward Island. The total exports to France from Ontario and Quebec were under \$100,000, chiefly lumber. We should be very glad to learn from those journals that are inclined to censure the Imperial Government and excuse France for our present commercial relations, whether, in their opinion, France has any just right to demand concessions from Canada before placing her on the footing of the most favored nations.

BALANCE OF TRADE.

Notwithstanding all that has been written with the view of removing the erroneous impressions that formerly prevailed on the subject of what is termed the "balance of trade," meaning the excess of imports over exports, or *vice versa*, there are constant indications in the press that the belief is still entertained that the true test of the prosperity of a country is that its exports should be in excess of its imports, according to the returns furnished in the Government statistics. In Great Britain, which is certainly among the most prosperous countries in the world, the imports have long been in excess of the exports, and this must always be the case with a country to which other countries are largely indebted, and which is not itself a borrower. In the case of Canada, as there is a large debt held abroad, it might be expected that the exports would be considerably in excess of the imports, but there is a counteracting force sufficient to turn the balance the other way. Canada is still borrowing, and is likely to be for a long time to come. Not only are the Dominion and Provincial Governments constant borrowers abroad, but our municipal bodies and our railroad and loan companies are all bringing capital into the country, and this capital comes to us in the form of imports.

It may be desirable that we should explain our meaning more precisely by an illustration. The value of all the flour exported from the Dominion in 1880 was under \$3,000,000, while the value of the wheat exported from Ontario was rather more than \$3,000,000, or, in round figures, \$6,000,000 for Ontario wheat and the flour of the Dominion. In the same year the interest of the public debt payable in London was nearly \$6,400,000. The shippers of the wheat and flour, as a rule, draw on their English correspondents for the value of their shipments, which bills, having been negotiated at our banks, are sent to their London agents. On the other hand, the Government purchases from the banks bills of exchange on their agents for the interest due in London, so that the one series of transactions about balances the other. Is it not then obvious that it would be a complete fallacy to set off such exports against imports in an imaginary "balance of trade?"

In the same fiscal year the addition to the debt payable in London was about \$9,000,000. We have no means of forming any satisfactory estimate of the amount drawn by Provincial Governments, municipalities, railroad, insurance, loan and other