

Monetary Times

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of Canada

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RECIPROCITY WITH THE UNITED STATES

A VALUABLE contribution to the history of commercial relations between Canada and the United States is contained in the report of the United States Tariff Commission on Reciprocity and Commercial Treaties. Dealing generally with the trade arrangements of the United States, the report emphasizes that no continuous policy has been pursued in the past, and that the new position of the United States in world politics entirely alters its outlook as regards commercial affairs.

Before 1890, only two agreements were made; one of these was the Canadian Reciprocity Treaty of 1854, which is the only successful attempt at reciprocity between these two countries. It remained in force for eleven years, and the report deals at length with the effects on the United States. Reviewing its abrogation and subsequent developments, the report states:—

"The termination of the treaty involved the termination of the arrangements which had relieved the political tension in Canadian-American relations. It offered the possibility of serious political consequences. The action of the United States and the hostile attitude of the American people, of which it was an evidence, were prominent among the factors which brought about, in 1867, the uniting of the Canadian provinces into the Dominion of Canada.

"The commercial effects of the abrogation were less than had been expected. In so far as trade was affected at all, it was the United States rather than Canada that suffered. The chief direct effects on the United States seem to have been to lay the burden of certain duties on the American consumer and to divert from American railways and merchants a part of the business of transporting, handling, and re-exporting Canadian produce. The chief indirect result was to establish among the Canadian people a sense of grievance which affected trade to some extent and which undoubtedly contributed in no small measure later to Canada's rejection of reciprocity when the United States finally proposed it.

"For thirty years after the termination of the treaty, Canadians continued to express a desire for reciprocity, and they made overtures several times to that end.

PRINCIPAL CONTENTS OF THIS ISSUE

EDITORIAL:	PAGE
Reciprocity with the United States	9
The Board of Commerce Act	10
A Successful Financial Leader	10
The British War Loan	10
Inter-Imperial Trade	10

SPECIAL ARTICLES:	
Federation with the West Indies	5
Keeping a Bank's Loans Liquid	14
Union of Saskatchewan Municipalities Convention	18
Results of the Public Ownership of Railways	26
Saskatchewan Borrowing Will be Small	28
Building Industries in Canadian Cities	30

MONTHLY DEPARTMENTS:	
June Fire Losses	24
Bank Clearings	30
June Bond Sales	38

WEEKLY DEPARTMENTS:	
Bank Branch Notes	14
Bank Clearings	30
News of Municipal Finance	32
New Incorporations	32
Investments and the Market	42
Recent Fires	44

"The treaty of Washington of 1871, disposing, among other things, of the fisheries and the waterways controversies, was a bitter disappointment to the people of Canada. They felt that the British Government had thrown away the most effective lever for opening the American market. When the liberals entered office in 1874, they sent Mr. George Brown to the United States to negotiate for reciprocity. Mr. Brown offered reciprocity, not only in reference to natural products, but also on a long list of manufactures. A treaty was drafted, but with the provision that everything made free by Canada to the United States should also be made free to Great Britain, and the Senate rejected the draft. The conservative party in Canada thereafter urged a policy of consistent retaliation against the United States, and they secured an overwhelming victory at the polls in 1878. In the ensuing tariff Act of 1879 the Canadian free list was materially abbreviated. In 1887, Canadian commissioners offered to negotiate a treaty combining a settlement of the fisheries question with reciprocity, but this proposal was rejected by Secretary of State Bayard. The hostility which had characterized the relations of the two countries for twenty years was by this time rapidly decreasing and official attitudes became more conciliatory. In the spring of 1888, the House Committee on Foreign Affairs recommended that a commission be appointed to meet with Canadian commissioners and prepare a plan for commercial union, and at the next session a bill to that end was passed in the House, but was not acted upon in the Senate.

"In 1890 a reciprocity treaty with Newfoundland was drafted at Washington, but this was withheld by the British foreign office at the instance of Canada.

"Between 1890 and 1892, the conservative government in Canada made another effort to secure reciprocity, but the terms which it proposed were not acceptable to Mr. Blaine, nor were his proposals acceptable to the British and Canadian representatives. This was the last effort of the conservatives on behalf of reciprocity. Thereafter Canadian public sentiment, even among the liberals, swung strongly toward the 'National,' self-sufficiency policy, and from 1891 to 1910, the reciprocity question ceased to be a live issue."