A Preliminary Report

ON THE

RECIPROCITY TREATY

WITH GREAT BRITAIN,

To regulate the Trade between the United States and the Provinces of British North America.

Prepared by E. H. Derby, at the request of the Secretary of the Treasury of the United States.

REPORT.

To the Hon. Hugh McCulloch, Secretary of the Treasury:

In conformity to your wishes I have devoted much time to the Reciprocity Treaty, and respectfully submit the results.

The subject is one which has important relations both to the foreign policy of the country, and to the Fisheries, Commerce, Customs, and Internal Revenue, confided to your care, and the termination or renewal of the Treaty must affect the report of the Commissioners appointed under the recent Act of Congress, to revise the revenue system. It is therefore important to determine if there is an exigency for a new treaty; and if there is, what modifications are required to adapt it to the present state of our finances, and what changes are necessary to supply any defects disclosed by the light of our experience for the ten years of its continuance. A Treaty under which our commerce with the Provinces has increased threefold, or from $17,000,000 in 1852, to $68,000,000 in 1864, is not to be abandoned, or the amity which now exists between contiguous nations of the same origin to be endangered, without careful investigation and conclusive reasons.

British Colonial Policy.

For half a century, from 1776 down to 1830, it was the policy of the mother country to restrain the United States from a free commerce with the Provinces, although often urged by us to free the Provincial trade from its restraints. At times the trade with the Provinces was entirely interdicted; at others, gypsum and grindstones could be obtained upon the frontier at Eastport and Lubec only by an evasion of the law. In 1830, under the McLean arrangement, trade was resumed under heavy duties and restraints. Down to this period we knew Quebec as the chief fortress, and Halifax as the chief naval station of the British Empire upon our side of the ocean, rather than as marts of commerce, and there was little fellowship between us and the Provincials, many of whom were descended from the Loyalists who followed the British troops from our shores. Asperity of feeling gradually wore away after the resumption of trade. And in 1844, Great Britain, having acquired an ascendancy in the arts and in capital, and set in motion her steam-power, which Mr. Howe, of Nova Scotia, in his recent speech at Detroit, considers equal to the force of 800,000,000 of men, became an advocate of free trade, so far as it applied to the importation of materials and the exportation of manufactures. Having reached a high point in the cultivation of her soil, she desired to increase her supplies of breadstuffs, and thus cheapen skill and labour, and aimed to furnish all nations with her numerous manufactures, fashioned from their rude materials by the force she had warmed into life, which toiled for her without fee or reward. To accomplish this object, she was obliged to repeal many protective duties, and to admit wheat and provisions and varied productions of foreign lands in competition with those from her Colonies. Her Colonies were exasperated, and it soon appeared that she could not retain their allegiance, without providing for them new markets and giving a new stimulus to their navigation and fisheries. She became solicitous also to carry her principle of free trade into the United States, and make a treaty with the Colonies an entering wedge for new commercial undertakings.

How the Colonies Felt.

Canada had thus fastened upon her vast rafts of timber floated down the St. Lawrence to Quebec, and her ships built for sale at Liverpool and Glasgow for exports, and she saw with dismay the pine and fir of Norway superseded her timber, and the iron steamship displace the ships and steamers she was building at Quebec. She began to seek a new avenue to the sea, through New York and New England, and new markets for our growing cities and villages for the products of her agriculture. Nova Scotia, with forests and fisheries at her gates, and beds of coal and gypsum bordering on the sea, desired free access to our great seaports to dispose of her fish and coal, and give employment to her seamen.

The British Isles and the Colonies consumerable John Adams wrote to President Monroe:—

> "I would continue this war forever rather than surrender one acre of our territory, one iota of our fisheries, as established by the 3rd article of the treaty of 1783."

On the 20th of October, 1818, a convention was entered into with Great Britain by Messrs. Gallatin and Rush, to obtain a recognition of the right of fishing on the coasts of Newfoundland, which they secured, with the privilege of entering the bays, creeks and harbours of the Provinces for shelter and repairs. The Commissioners, by this convention, renounced, for the United States, the right to take or cure fish within three miles of "the coasts, bays, harbours, and creeks of the Provinces," (except Newfoundland and Labrador, and the Magdalen Isles,) but reserved the right to enter them for shelter and repairs. Upon the day on which they signed the convention, they wrote to J. Q. Adams, our Secretary of State, that this clause was introduced and insisted on by them, to prevent any implication that the fisheries were secured to us by a new grant, and to show that our renunciation extended only three miles from the coast.

For twenty-three years after the convention, down to 1841, but one construction was given to this convention by both parties and the fishermen, viz: that by "bays" were meant the small bays to which the fishermen resorted for shelter and repairs; but in 1841, after this conclusive acquiescence, the colonists gave a new construction to "bays," and insisted that the convention precluded the fishermen of the United States from entering the Bay of Fundy, a gulf sixty miles wide, the great Bay of Chaleurs, and the Strait of Canso, through which our fishermen had pursued their voyages for more than a century, and through which a British Admiral, in 1839, saw a fleet of 600 sail of our fishermen pass without molestation.

When Great Britain and the Provinces became solicitous, in 1845, for such a treaty as they had previously declined, and after we had permitted them to import fish at a moderate duty, and to enter it in bond for exportation, they seized with avidity this new construction. The Province of Nova Scotia passed Acts confiscating our vessels if they passed the line drawn three miles from the coast, and exonerating the officers from damages for detention, if the judge should find any probable cause for seizure. Cape Breton was annexed to Nova Scotia, and after the union the Legislature laid out counties across the Strait of Canso, to bridle a great avenue of commerce. Ships of war were sent out year by year to watch our vessels, and in 1852, Great Britain, Canada, Nova Scotia and New Brunswick fitted out and sent to the fishing grounds no less than eighteen armed vessels to watch and arrest our fishermen, whose trade was thus injured to the extent of millions.

The aid of Messrs. Stevenson, Everett and Lawrence, at London, was invoked, but the Nova Scotians, including some eminent men, now in favour of the treaty, insisted upon their new construction, and the crown lawyers were led to give an opinion in their favor. This opinion, it appears to me, is entirely untenable. It was not given with much care or deliberation, as the counsel base their opinion upon the term "headlands," which they cite as found in the convention, where the word does not occur. As it had no existence there, the decisions based on it should be revised. The Great Bay of Fundy also has but one headland on British territory, and borders for many miles on the coast of Maine. The term bays is by the language of the Act limited to bays of shelter, and suitable for repairs, and to take wood and water by the words that follow, and the Great Bays or Gulfs of Fundy and Chaleurs and other bays, exceeding six miles in width at their outlets, are unsuitable for the purpose, and consequently excluded.

An acquiescence for twenty-three years and contemporaneous exposition by those who drew the treaty are also conclusive, and the ministers of Great Britain were driven by Mr. Everett to abandon their pretensions to the Bay of Fundy; and, if not deterred by Nova Scotia, would have restricted the law to bays less than six miles wide at their outlet, having once come to that determination. But the Provinces were not easily quieted; a collision was imminent, and our Government yielding to the pressure, became parties to a treaty, and its abrogation will revive the questions of 1845 to 1852 as to our rights in the fisheries. During the interval between 1845 and 1852 complaints were made by the colonists of the aggressions of our fishermen, of nets displaced on the coasts and in the Strait of Canso, and of daily trespasses; but since they obtained access to our home markets on terms of perfect equality, and since they recognized the right of our fishermen to frequent all their shores, the cessation of complaints furnishes a strong presumption that the fishermen were harmless and innocuous before the adoption of the treaty.

The Treaty of 1854.

This treaty, made by Lord Elgin and W. L. Marcy, July 5th, 1854, to take effect when ratified by Great Britain, the United States and the Provinces.

Articles 1st and 2nd. That the fishermen of the United States shall, during the continuance of the treaty, have the right to take fish, of all kinds except shell-fish, in common with British subjects, at any distance from the shore, with the privilege of landing on the coasts and shores of the British Provinces, and of drying their nets and curing their fish; provided that in the Bay of Fundy and the Gulfs of St. Lawrence and Chaleurs, this shall not be construed to extend to the right to land upon the islands adjacent, unless with the consent of the proprietors of the islands, or the British Provincial Government.

Article 3rd. That British subjects have the same privilege of fishing in the waters and on the coasts of the United States north of the 45th parallel of latitude, and of landing on the coasts and shores of the United States for the purpose of drying their nets and curing their fish; provided that in the Bay of Fundy and the Gulfs of St. Lawrence and Chaleurs, this shall not be construed to extend to the right to land upon the islands adjacent, unless with the consent of the proprietors of the islands, or the State Government.

Article 4th. That the articles enumerated in the schedule annexed, being the growth and manufacture of the British Provinces, shall be admitted into the ports of the United States free of duty; and that the articles enumerated in the schedule annexed, being the growth and manufacture of the United States, shall be admitted into the ports of the British Provinces free of duty.

Article 5th. That the Government of the United States will use its influence with the State Governments to secure the free navigation of the rivers and waters leading to the lakes and to the ocean, and free access to the markets for the products of the Provinces; and that the Provincial Government will secure the same privileges for the citizens of the United States.

Article 6th. That the Canals and waterways in Canada, used by the produce of the United States, shall be on the same footing as those used by the British subjects, and no higher tolls shall be imposed on the former than are imposed on the latter.

Article 7th. That the Government of the United States will not impose any duties on lumber, the growth and manufacture of the Provinces, more than are imposed on the same when manufactured by the saw-mills of the United States; and that the Provincial Government will not impose any duties on any lumber, the growth and manufacture of the United States, more than are imposed on the same when manufactured by the saw-mills of the Provinces.

Article 8th. That this treaty shall take effect as soon as the laws required to carry it into operation shall have been passed by the Legislature of Canada, Nova Scotia, New Brunswick, and Prince Edward Island, on the one side, and by the Congress of the United States on the other.

Article 9th. That the term for which this treaty is to be in force, is from the date when it shall come into operation, for ten years from the 1st July, and thereafter it may be terminated by any of the parties, on giving to the others six months' notice of its intention to terminate the same.

Article 10th. That the Reciprocal privileges of the 3rd article of this treaty, shall be extended to the Territory of Vancouver's Island and British Columbia, so long as the Crown shall not, by notice, withdraw the same.

Article 11th. That the Reciprocal privileges of the 3rd article of this treaty, shall be extended to the Fisheries of the Gulf of St. Lawrence, and the Provinces of Prince Edward Island and Newfoundland, so long as the Crown does not withdraw the same.

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In consideration, also, of the important concessions made by the Provinces, we agreed to add to the 3rd article of the treaty the following words:—

> "It is understood that the privilege of fishing in the waters and on the coasts of the United States north of the 45th parallel of latitude, and of landing on the coasts and shores of the United States for the purpose of drying their nets and curing their fish, shall extend to the fishermen of the Provinces of Canada, Nova Scotia, New Brunswick, and Prince Edward Island, and to the Province of Newfoundland, so long as the Crown does not withdraw the same."

Rapid Growth of the Provinces.

We have traced the successive stages of the growth of the commerce with the Provinces, doubling in seven years after the completion of the Erie Canal, and rising to more than fifty millions in 1856, the second year of the Treaty of Reciprocity. During the ten years from 1851 to 1861, which comprise four years prior to the treaty and six that followed, all the Provinces made rapid progress, but Canada was pre-eminent. From 1851 to 1861, the population of Canada increased more rapidly than the population of the Union. It had gained 36 per cent. In 1860 the population of all the Provinces was 3,271,570. The rate of increase in all the Provinces was nearly equal to that of the Union. Canada led in commerce and revenue as well as in population. In the fifteen years from 1851 to 1865, the whole exports and imports of Canada rose from $35,000,000 to $87,000,000. Her revenue rose also from $3,500,000 to $10,000,000. Between 1851 and 1861 her improved land increased from 7,307,950 acres to 10,855,854, or 49 per cent.; the value of the same from $263,516,000 to $466,675,780. The wheat crop, which exceeds that of Illinois, and of each of our States, rose from 15,756,493 bushels to 27,274,779, or 78 per cent. The oat crop, larger than that of New York, the leading State of our Union, rose from 20,369,247 bushels to 38,772,170, or 91 per cent. During the same period the value of her lumber rose from an average of $7 to $10 per M. And in the interval between 1851 and 1863 her export of lumber rose from $5,083,628, of which but 23 per cent. reached the United States, to a total of $12,264,178, of which a third—nearly as much as the former importation of Great Britain—came to the United States. For a series of years prior to 1846, the imports of Canada from the United States greatly exceeded the exports, and great disparity continued down to the Reciprocity Treaty; but since 1860 the balance of trade has been reversed. The statement of the Minister of Finance to the Canadian Parliament, on the 29th of August last, shows the present condition of Canadian commerce.

[Here follow long extracts from Mr. Galt's Budget speech.]

The exports of Canada to the United States for the five years 1864-65] are shown by him [Mr. Galt] to be:—

Lumber	$5,000,000
Animals, of which two-fifths are horses	4,478,000
Wool	1,351,722
Barley and oats	4,500,000
Manufactures	460,000
Butter	340,839
Meats	484,890
Other products of animals	391,000
Balance, wheat, flour, &c.	4,443,839
	$21,350,350

Prosperity of Canada.

We have thus, from official sources, the position of Canada and the views of her Government, and it is apparent that she has prospered under the treaty. From 1851 to 1861 she has increased her lines of railway from twelve to nineteen hundred; she has increased her wheat and oat crops, her wool, the value of her forests and wealth more than in the profits of her fishermen, but of late in climate, soil and position. She has, by her Select Committee on commerce, appointed in 1858, conceded that for some years prior to the Reciprocity Treaty, the grain of the United States was worth 25 per cent. more than the grain of Canada, and now in both countries the treaty has for ten years kept it at nearly the same level. She is disposed to build our ships and take a large part of the coasting trade, and as an inducement for such concession she may probably deepen her canals, to divert the trade of the West. Already has Canada made free ports on her coasts to the extent of one or two thousand miles on the shores of Lake Huron and the Gulf of St. Lawrence, doubtless to tempt our fishermen and frontiersmen to evade our duties, and now we are told distinctly that we must expect illicit trade if we adopt a system of restriction. [Here follow long extracts from the Report of a Committee of Congress in 1862, on Reciprocity, and Mr. Galt's reply to it, which have been frequently discussed in Canada.]

We have thus examined the progress, commerce and policy of Canada, and find that she has grown rapidly in trade, wealth and population; that she has annual commerce with us is fourfold its amount before the treaty; that she has not thus far redeemed the pledges given for her by Lord Elgin, the British minister, to favour our productions, but has checked their importation without benefit to her own, for she still devotes herself chiefly to her forests and agriculture, canals and railways; she has diverted some trade to the St. Lawrence, and established some free ports, and expanded her whole commerce to $87,000,000 in 1865, of which $50,000,000 are with the United States. We find that her exports of *produce* to us exceed her imports, that some shares and probably some bonds have flowed into Canada, while a counter current has flowed into the States from the maritime Provinces.

At least ten per cent. should be added to these imports, as the Provincial manifests usually underrate the amount of shipments from the Provinces, to that extent.

The tonnage of the vessels in the trade with these Provinces arriving in the United States and clearing therefrom, in the year 1864, exhibits an amount of more than 1,600,000 tons, and their commerce with the United States during that year, as shown by exports and imports, was two-fifths of the amount of our average trade with Canada while their population, already given, is less than one-third that of Canada. The vessels owned by these Provinces exceed five hundred and fifty thousand tons. Were these vessels to be withdrawn from the British marine and added to our own, we should resume our maritime supremacy, notwithstanding the reduction of more than a million of tons, by sales and losses, by the depredations of the *Alabama, Sea King*, and other cruisers. The extensive coasts, navigation and fisheries of these colonies, make their inhabitants familiar with the sea, and they can furnish at least 20,000 seamen.

We have considered them in the aggregate, but let us now glance at them in detail, and examine their revenue and commerce.

[Here follow details familiar to all our readers.]

Light-House and Pilotage Dues.

Our merchants who are engaged in the trade with Nova Scotia, and other British Provinces, complain of the charges for light and pilotage, and represent that, owing to the standard of measurement adopted in the Provinces, our vessels, in proportion to their capacity, are expected to pay more than the Provincial vessels; that the packets and other small vessels, which run frequently from New England and New York to Provincial ports, require no pilots, but are obliged to pay for them. And that each of our vessels is required to pay light dues for a year in the Provincial ports, although it may make but a single voyage. In our ports no charge for lights is exacted, and it is just that this be reciprocated, and that no charge be made for pilotage to regular packets, and no charge for anchorage or trans-shipment to our seamen. A portion of the shipping of Nova Scotia is held by citizens of the Provinces, who reside in our States, and it would be specially suggest to the Department the policy of passing a special Act, allowing vessels that have been thus registered to be registered again in the ports of the United States, upon paying a nominal duty, to be applied to the benefit of the orphans and widows of those who defended our flag. The would do no injustice to our shipbuilders and would take from the roll of England, and restore to our own, a part of the tonnage of which her cruisers have deprived our nation. Would it be well to exclude such vessels and compel them to sell at low rates to the English, or risk their property?

The British Provincial Fisheries.

It is important for our Government, which adjusts, which contributes to the expenses of our fisheries, to learn what encouragement it gives by other nations to their fisheries in the same waters. Great Britain for many years paid bounties to her fishermen, but of late years has substituted for them what is more beneficial—a system of light duties. The colonists of Great Britain enjoy great natural advantages. The fish are upon their coasts. Without loss of time or long voyages, like those made by the mariners of France and the United States, they can pursue their avocations upon their farms, and when wind, weather and fish invite, can launch their small boats from the shore, and return weekly and often daily to their families, and dry or pack their fish upon their own land. Great Britain has established ports for free trade upon their coasts, and duties less than one-fourth of those we have imposed upon the same productions. Remissions, lor duties, and natural advantages confer benefits on the Provincial of twice the amount of the bounty of $4 per ton which the United States grant to our fishermen to encourage mariners. The best estimate of the product of those Provincial fisheries which I find accessible, is the report of Arthur Harvey, Esq., statistical clerk to the finance department, Quebec. It is based upon the census tables of the several Provinces for 1860 and 1861.

Value of Fish Caught, 1860.

Newfoundland (principally cod)	$4,440,000
Nova Scotia (cod, mackerel, herring	2,562,000
New Brunswick (cod, mackerel, herring, smelts)	388,385
Prince Edward Island (cod, herring, mackerel)	706,000
Canada estimate	306,385
	$8,362,917

These fisheries are gradually increasing. The duty on most articles used in this fishery is but one per cent.

[Here follows a long dissertation on the French fisheries.]

The United States Fisheries.

properly sustained by Government and freed from oppressive taxes, probably again become progressive.

The number of vessels in the fisheries has ranged, since 1850, from 2,414 to 3,815 in 1862, beside boats in the shore fisheries. Six hundred sail of these vessels have in a single season fished for mackerel in the Gulf of St. Lawrence and Bay of Chaleurs, and taken fish to the amount of $4,500,000.

Mode of Fishing

Let us glance for a moment at the routine of the fisherman. In January he repairs his vessel. In February the fleet sail for George's Banks, where in a deep and turbulent sea they fish for cod and halibut, while a part run to the banks and shores of Newfoundland. In May, the mackerel strike the coast at Cape Henry, and the fleet divides—some vessels seek the fish of the Delaware; some run through the straits of Canso to the Gulf of St. Lawrence, where they fish for cod until the last of June, when many of them pursue the mackerel until the approach of winter, along the shores of Canada, Nova Scotia, and Prince Edward's Island. In November they steer towards home, while a portion have fished for cod on the banks and coast of Labrador, and a portion have found their way down the coasts of Maine and Massachusetts. By December the fleet returns, the fishermen pack and divide the spoil, take a brief respite, and then prepare for the resumption of their perilous voyages. In 1851 more than 100 vessels were driven ashore in a gale, and 300 lives lost, on the coasts of Prince Edward's Island; the fleet faced the storm rather than risk detention in port for an infraction of the treaty.

In 1852, says the Gloucester *Telegraph*, the mackerel taken fell short one-half from the supply of the previous year, because the vessels were obliged to keep further from the shore, and were prohibited from fishing in Bay of Chaleurs, where full fares would have been obtained. Many vessels pursue the cod for four or five months, to secure the bounty, and then return or follow the mackerel, and by combining both make the season profitable. All consider the perpetuation of their rights to the shore fisheries as of the highest importance.

The people of Prince Edward's Island, where the best fish abound, do not object to the fisheries. Their season for agriculture is so brief and time so valuable that they strike their coast, that they cheerfully resign the fish to their visitors, and are happy to sell them milk, butter, vegetables, and poultry. In the winter they devote themselves to ship-building.

When we consider what the fisheries have done for our commerce and our country, and reflect how cheap and useful is the food they furnish, indispensable on certain days to Roman Catholics, and renovating to all, as Agassiz states, from the phosphorus it contains; when we reflect, too, upon the great fisheries they furnish for the beef, pork and flour of the West, the question may well arise,—does the nation deal fairly or wisely with its fisheries? They consume at least 150 pounds of beef, pork and flour annually, according to the computations of the fishermen, while the wives and children of those fishermen, doubtless, consume a much larger amount. Whether we will or not, the duties on salt and necessaries should be remitted, and the fishermen protected.

What is to be done?

We have thus taken a brief but comprehensive glance at the inland commerce with Canada, the trade with the Maritime Provinces and the fisheries; and the question recurs,—What is to be done? Are we to go back, with contiguous and growing Provinces, more populous than the United States in 1783, to a system of restriction and restricted commerce, to ports closed as they were before 1830, except during the embargo, when England opened them?—are we to come to blows with her for rights won by the sword in the war of the Revolution, which improvident Commissioners have impaired or put in jeopardy, or shall we make a treaty? We must either risk our mackerel fishery, treat, or annex the Provinces. We may not be ready for the latter, and can offer more inducements and attractions at a future day, but we are in a strong position to negotiate. Shall we try negotiations or duties restrictive of commerce? Lord North tried restriction and coercion, and they cost him the Colonies. Let us pursue a different policy. Let us treat the Provinces as friends and patrons, as valuable customers, and if they join us let them come as friends; we desire no unwilling associates.

Thus far the Provinces, and more especially Canada, have found reciprocity teeming with benefits. It is to them eminently beneficial; without it their agriculture and commerce must languish, and their lumber, coal, fish, canals and railways probably decline in value. We can properly demand, and it seems to have been meant and will *avail*, terms that will satisfy our country. It would be most unwise for Great Britain, with $3,000,000,000 annually afloat, on foreign voyages and in her coastwise commerce, to risk a collision with our fishermen, and the war to which it would in all probability lead, in the present state of public feeling in this country.

Navigation of the St. Lawrence and Ship Canals to the Sea.

competitors, and the following table was submitted by G. H. Perry, C. E., of Canada West, viz:—

Percentage of breadstuffs imported into Great Britain from,—

Russia	19¼ per cent.
Prussia	31¼ "
Mecklenburg	8 "
Hanse Towns	4 "
France	6¼ "
Turkey	5¼ "
Egypt	2¼ "
United States	7¼ "
Denmark	11¼ "
Other countries	2¼ "

These prove his case, but he omitted to state that while we should divide the profits with others abroad, and find prices less than in former days, there was a home market in our Eastern and Central States where $2,000,000,000 of domestic manufactures were exchanged for the products of agriculture, to which easy access might be had by the placid, clear and safe navigation of Lake Champlain, and the railways that radiate from Oswego and Ogdensburg, Lake Champlain and the Hudson. With these improvements made, all the Provinces and the States would be interested in the completion of the Northern Railway from Lake Superior and the Mississippi across the Red River of the North to the Pacific, and the growth of the West would still give a large traffic to the canals of New York. The propellers on their way down the lakes would rarely take fuel for more than two or three days' consumption, and on their arrival at the ports of Montreal or New York would land there portions or the whole of their cargoes for distribution, and replace them with coal for a fortnight's steaming and freight to Europe. Let us give the St. Lawrence a Southern outlet.

What Duies shall be Levied.

In case the old treaty expires, there are those who desire to place heavy duties on the exports of Canada. They urge that she gave her sympathies to our foes and allowed them to organize and assail us across the frontier. That nature has interposed our country between Canada and the sea. That we should, in retaliation, place our position and draw a revenue from her commerce. That her natural market was our home market, that her Provinces were nearer to the seats of our commerce and manufactures, than our Western States. That her lands, forests and mines depended for their value in our markets. That we had incurred debts to preserve the latter, and if Canada is to use them she should, like our States, contribute to the cost. That she could easily do so, as she had access across her lands to our canals and railways, and that under our treaty her animals and coarse grains were worth more at Kingston or Toronto, than ours at the West. That the nations of the world coin their natural advantages into money. That Russia, France, Holland, and Great Britain in her East India possessions, impose duties on the exports that they monopolize, and exact tribute from other countries. But may it not be urged that some allowance is to be made for Colonies like Canada struggling to reach the ocean, to break the icy fetters that bind them half the year, anxious to obtain favour from England and rival the improvements of the great Republic on their borders, and already burdened with a debt which seemed to us immense before we had contracted our own? And may we not ascribe the tone of the frontiers to the emissaries of secession, and the leaders of the London press? Would it be wise to incur the ill-will of a Province whose frontier for three thousand miles borders on our own? Would it be wise to stimulate illicit trade at a time when we require high duties to meet our engagements?

Again, let me ask, is it desirable for us to have a Province on our borders with property depreciated and trade languishing—and should we not participate in its prosperity, if we give life to its commerce—or should we divert business from our canals and railways to a new and circuitous route across New Brunswick? And if New England and New York lie between Canada and the sea, does not Canada lie between us and some of the States of the West? If the revenue of Canada now enables her to recede from her duties on our products; if she sees that they give no commensurate benefit; if she has inexhaustible forests and fields on our borders, if under the guidance of England she has not yet learned to manufacture largely and is willing to exchange her staples for the products of a country like ours, more advanced in the arts; if our manufactures bid fair soon to overtake our agriculture—may we not profit by a fair exchange, and may we not forget the error of the past and welcome the friendship of the future? It is doubtless desirable for Canada to reach our home market and to gain a direct route, summer and winter, to the sea; but she has open to her half the year the route of the St. Lawrence, connected by a series of canals and railways with the lakes. And is it our policy to turn all her trade that way, or through the ports of New Brunswick? These are important questions.

The Cattle Trade.

Canada sends to us under the treaty many animals. Among these in 1863 were 19,335 horses and 21,665 cattle, and 71,000 sheep, which aided us in finishing the war. The aggregate value of all such animals imported

coal from the Provinces as well as export to them. Nova Scotia has extensive coal mines, once held in strict monopoly by the Duke of York. Most of them have reverted to the Province, and grants are now made to individuals, reserving royalties. Some of our own citizens are opening mines in this region to supply our home demands. The chief mines at Sydney and Pictou are within nine miles of the seacoast, and nearly free from the charges of railway transportation. The freights to the New England coast are often as low as the freights from the Chesapeake, and, in ordinary times, Provincial coal can be laid down in the seaports of New England for five dollars per ton in specie. It would seem as if nature had designed this region for the supply of our north-eastern coast. The coal from Nova Scotia is bituminous, and thus differs from the coal of Pennsylvania, and is adapted for other uses, in gas-works, forges and furnaces. At least half of it is used for gas. Fifty thousand tons are annually used by one gas company in Boston. It is used, also, to a considerable extent by the steamers which run to foreign ports. While we place a tax on our own coal, it is doubtless just that this coal should contribute as much, or more, to our revenue; and, doubtless, a moderate duty of five or ten per cent. might be hazarded on this coal, on which we pay both cost, and a large proportion of the freight, to foreigners. The importation annually increases. But we must not forget that if we impose a large duty, it must fall in part on the consumer; and whatever falls on the Provinces may check importation,—that the Eastern States require cheap coal to impel their engines, to heat their furnaces, and set their steamers in motion, as well as to meet the severity of their long winters,—that if we are to compete in steam navigation with England, whose coal is nearer her ports, we must have cheap fuel. We have already resigned to her our passage money, freights, and ocean postages, to encourage packets convertible into frigates, and now it is not easy to regain the ground we have lost, if we relinquish cheap fuel. Such considerations will, doubtless, prevent a heavy impost on such a necessary—which we take in payment for our breadstuffs—from shores adapted by nature to supply New England.

Lumber.

Another article on which we might impose duties is lumber, which comes to us in the various shape of timber, plank, boards, masts, spars, railway ties, laths, shingles, clapboards, and saw logs. It comes principally from Canada, as New Brunswick sends most of her surplus to foreign ports, (where she competes with Maine,) and less than twenty million feet to the United States; Canada sends us lumber to the amount of five million dollars. An average duty of one dollar per thousand, board measure, would add materially to our revenue, and with a less impost upon our own lumber, might enable us to raise annually, from this article, six or eight millions of dollars; as our home production was found by the census to be 10,500 to exceed ninety-five millions of dollars annually.

Nature has made on the lakes and rivers of Canada an immense provision of pine, which may be easily floated to our borders, and thence to our great centres of production and trade. The rapid diminution of our home supply, would, doubtless, prevent a diversion, if we impose a moderate duty. There are strong arguments for a moderate duty. It will fall in part on the producer. We are wasteful in the use of lumber—we expose it to moisture and quick decay in fences, walks and cellars, where stone, iron, or brick, would endure long service; and if a tax checks consumption, it will keep more in reserve for the wants of the future. There is, too, no reciprocity as to lumber, for we export little or none to the Provinces, unless it be a small amount of yellow pine and oak, for ship-building, and some staves and clear pine from the West. Mr. Skead, of Ottawa, estimates that Canada has, upon lakes and rivers, easily accessible, 287,000 square miles of pine forests, and a large supply of valuable wood; less than one-tenth of her pine forests have been cut over.

The Fisheries.

Another subject for duty is fish, not the white fish, salmon or salmon-trout, sent fresh to market, and caught upon the lakes and rivers of the Provinces; not the smoked herring and mackerel, which come in small lots to market, or the fresh herring imported from Newfoundland for bait, but the dry cod-fish and packed mackerel, such as are the chief product of our deep sea fisheries.

France gives a bounty to her fishermen of $2 for every quintal they send to Boston or New York. Nature gives one to the Provinces; Great Britain another, by the remission of duties. The combined effect of these, aided by the pressure of our duties on salt, enabled the Provinces to send us, in 1864, fish to the value of $1,276,704, while France sent us the less amount of $32,410, on which we realized a duty. To meet the privileges of the Provinces and the bounties of France, we allow our vessels which pursue the cod-fishery for four months, a remission of duties of four dollars per ton, a remission which is reduced by the new measurement. We accompany this by duties that average more than three times the amount of our remission. Thus do we meet the rivalry of the world in conducting our great naval school of seamen. To meet the

to whose sources I have drawn attention, and still have a treaty beneficial to all the contracting parties, although it may leave the Provinces some reasons for a still closer union.

Under our present tariff, the productions of the Provinces, now free, will be subjected to the following duties:—

Bituminous coal, per ton	$1 25
Leather	35 per cent.
Timber	20 per cent.
Manufactures of wood	35 per cent.
Wool worth over 32c per lb	12c per lb. and 10 p.c.
Salmon, per barrel,	$3 00
Mackerel, per barrel,	2 00
Dry fish, per quintal,	40
Wheat, per bushel,	20
Oats, per bushel,	10
Barley, per bushel,	15
Flour, *ad valorem*,	20 per cent.

Under such duties it is safe to predict that our commerce will rapidly diminish. The duty on dry fish is the only low duty among them. That duty is less than ten per cent. at present.

Registry and Coasting Trade.

There is a strong desire on the part both of Canada and the Maritime Provinces, to secure admission into the coasting trade, and the privilege of registry for their vessels in the United States. We have a vast coasting trade, and an important trade around the Cape with California, and we have no equivalent of equal value to offer, but we should at least allow our own citizens who have placed their vessels under the British flag, to avoid the cruisers of the enemy, to register them again under our own, and at the present time, when we are suffering from the loss of so many vessels, and coal freights between Philadelphia and Boston have risen from $2 to $4 75 per ton, it is an important question, whether we might not admit, at least for a brief period, a supply of vessels from the colonies, at a duty not exceeding $5 per ton, without injury to the ship-builders. This would replenish our stock of vessels and alleviate the charges of coal,