

wealth, but in the increased value of our farms and mines—and that, at this moment especially, from the failure of successive crops, the effects of the American civil war on our commercial relations, and the feeling of insecurity as to our position, (greatly aggravated by statements of the defencelessness of the country in the British Parliament, and by portions of the British press)—*Canada* was laboring under a temporary but serious depression. We pointed out that, while fully recognizing the necessity, and prepared to provide for such a system of defence as would restore confidence in our future at home and abroad, the best ultimate defence for *British America* was to be found in the increase of her population as rapidly as possible, and the husbanding of our resources to that end; and without claiming it as a right, we ventured to suggest that, by enabling us to throw open the north-western territories to free settlement, and by aiding us in enlarging our canals and prosecuting internal productive works, and by promoting an extensive plan of emigration from *Europe* into the unsettled portions of our domain—permanent security would be more quickly and surely and economically secured than by any other means. We did not fail to point out how this might be done without cost or risk to the British exchequer, and how greatly it would lighten the new burden of defence proposed to be assumed at a moment of depression by the people of *Canada*.

Much discussion ensued on all these points, and the result arrived at was, that if the people of *Canada* undertook the works of defence at and west of *Montreal*, and agreed to expend in training their militia, until the union of all the Provinces was determined, a sum not less than is now expended annually for that service, Her Majesty's Government would complete the fortifications at *Quebec*, provide the whole armament for all the works, guarantee a loan for the sum necessary to construct the works undertaken by *Canada*, and in the event of war, undertake the defence of every portion of *Canada* with all the resources of the Empire.

The question having arisen as to the time and order in which these propositions should be submitted for the approval of the Imperial and Provincial Legislatures, it appeared that no action could be taken upon them during the present year; and it was therefore deemed inexpedient to complicate the Confederation question by changing the basis of the *Quebec* Conference resolutions, which might result from the present adoption of these propositions. The further consideration of the defensive works was accordingly deferred for the action of the Government and Legislature of the proposed British North American Confederation—but the assurance of Her Majesty's Government was at the same time given, that if circumstances arose to render an application expedient by *Canada* alone for the immediate prosecution of the works of defence, such application would be received in the most friendly spirit.

On the subject of the American Reciprocity Treaty we entered into full explanations with the Imperial Ministers. We explained how advantageously the Treaty had worked for *Canada* and the desire of our people for its renewal; but we showed at the same time how much more advantageously it had operated for American interests—and we expressed our inability to believe that the *United States* Government seriously contemplated the abolition of an arrangement by which they had so greatly increased their foreign commerce, secured a vast and lucrative carrying trade, and obtained free access to the *St. Lawrence*, and to the invaluable fishing-grounds of *British America*—and that on the sole ground that the Provinces had also profited by the Treaty. We explained the immediate injury that would result to Canadian interests from the abrogation of the Treaty; but we pointed out at the same time the new and ultimately more profitable channels into which our foreign trade must, in that event, be turned, and the necessity of preparing for the change, if indeed it was to come. We asked that the British Minister at *Washington* might be instructed to state frankly to the American Government the desire of the Canadian people for a renewal of the Treaty, and our readiness to discuss and favorably entertain any just propositions that might be made for an extension or modification of its conditions; we requested that the views of the American Government should be obtained at the earliest convenient date—and that His Excellency Sir *Frederick Bruce* should act in concert with the Canadian Government in the matter. The Imperial Government cordially assented to our suggestions.

The important question of opening up to settlement and cultivation the vast British