

the importations from Canada into France have reached 2,145,432 francs in 1865; 6,069,722 francs in 1878 and 11,199,407 francs in 1881, while the exportations from France to Canada which were 1,709,182 in 1865, have reached 9,848,503 francs in 1874 to fall back to 3,579,444 francs in 1879, and to 3,671,801 francs in 1880. In their proposals the Canadian Government insist a great deal on the taking off of the overtax on goods in bond which bears down with particular weight on Canadian products as they are entered in France; but it is to be remarked that this overtax whose only purpose is to favour direct importation by sea of goods having an extra European origin, does not at all bear a discriminating character; it is levied indiscriminately on Canadian products from the United States or elsewhere outside of Europe, coming to France in bond through another country, so that its effects are mostly felt in the country through which the goods come in bond, but that it is rather beneficial than injurious to the shipping trade of the country of production.

"To summarize, with the most sincere wish to cement the friendly relations which have for a long time united France to Canada, and to develop as largely as possible their commercial relations, the Government of the French Republic can not foresee the possibility of an arrangement which could be ratified by the Chambers, unless they obtain from the Canadian Government material reductions not only on the wines, but as a whole on the articles above enumerated, and on which the present tariff of the Dominion imposes duties so high that they amount almost to prohibition.

"(Signed) P. TIRARD."

Such was, Mr. Speaker, the result of the first conference. It will be seen that France had already given proof of her good will; she had reduced from 40 francs to 2 francs the entrance fees on our ships. But we did not do our part; we had promised to reduce the duties on the wines and we have not done it. Not satisfied with having obtained the taking off of the duty on ships, and with not having taken off the duties on wines, we asked, besides, the taking off of the overtax on goods in bond, the advantage of being treated as the most favored nations, and various other important concessions which I have pointed out. We offered very little to obtain a great deal. About that time, the question of a direct line of steam packets between France and Canada was being agitated, and occupied the minds of public men in both countries. The official note from the French Government having been transmitted to the Canadian Government on the 26th of October, 1882, an Order-in-Council was passed in answer to Mr. Tirard. The Government declared that they were unable to reduce the duties as had been asked, because that would have involved a like reduction on similar produce from England, Germany and Belgium, and would have too materially reduced our revenue; the Government declared themselves ready to reduce the duties on French wines in a proportion corresponding to that which would be made on various Canadian articles; they pointed out to the annual grant of \$50,000 already offered by Canada for a line of steamers, and lastly they argued that the French articles had always been admitted here on an equal footing with that of similar products from England. Acting on this Order in Council, Sir Alexander Galt addressed to the Government a note, the contents of which it will be interesting to know, and which reads as follows:

"Paris, 30th November, 1882.

"The undersigned has been instructed by the Government of Canada to inform the French Republic that their Government have studied with great care the memorandum which His Excellency the Minister of Commerce has been pleased to communicate to them under date of the 20th of March last, on the question of the proposed arrangements to give a proper basis to the commercial relations between the French Republic and the Canadian Dominion. The Canadian Government has also considered the letter, bearing the same date, in which His Excellency has dealt with the question of subsidies to be granted to a line of steamers to be established between the two countries.

"The Government of Canada have received, with a most sincere pleasure, the assurance of the desire expressed by the French Government to cement the friendly relations which have for a long time united France to Canada, and to develop, as largely as possible, their commercial relations.

"The Canadian Government are animated with the same feeling towards France, and it is in that spirit that they undertake to examine the points brought out in relief by the memorandum.

"As to the duties on wines, the undersigned is instructed to submit that the Canadian Government being desirous of complying with the wishes of France, intend to recommend to the Canadian Parliament during the Session of February next, to reduce immediately to 15 per cent. the duty of 30 per cent., and that they put as the only condition of the total abolition of the duty, the adoption of a commercial agreement between the two countries.

"As regards the representations which His Excellency has been pleased to make on the question of the duties on silks, woollen goods and other articles of French manufacture, the Government have given their whole attention to the matter, with the firm desire of making a few material reductions in the tariff; and the undersigned has been instructed to explain that the increase of duties which are complained of in the memorandum, are not increases which have ever been directed particularly against France. In the Budgets for the years which have preceded 1879, large deficits have occurred which had necessarily to be met, while a pressure of public opinion claimed a certain measure of protection to Canadian industry. The Canadian Government being under the necessity of increasing all the duties of the tariff, raised especially those duties which were imposed on the articles used mostly by the classes which are in easy circumstances.

"The English products have suffered as much from it as the French products, and the protection which was established has mostly affected the ordinary manufactures of the United Kingdom. But the purpose which was aimed at has been obtained. The equilibrium of the Budget has been re-established, and the protection which was created has been the more effective, inasmuch as it has added to the general prosperity, and enabled the country to consume a larger quantity of articles which are not produced in Canada.

"The policy of the Canadian Government in this matter has received the approbation of the country at the elections of the month of May last. Therefore it would be very difficult to reduce the duties on the articles of luxury, it would be even impossible, unless the duties affecting the importations from Great Britain be reduced in a corresponding manner.

"But it would seem impossible to enter into that course, first because the financial wants created by the great public works now under construction in order to develop the resources of the North-West Territories, constitute an insuperable obstacle, and again, because public opinion is decidedly in favor of the protection of Canadian industry.

"The undersigned is compelled, under these circumstances, to express to the French Government, the deep regret which the Canadian Government feel at not being able at the present moment to reduce the duties dealt with in the memorandum, and this question will necessarily remain in abeyance until the pressure on the Canadian revenue shall have materially subsided, and until Canadian industry will be fairly established. Meanwhile it is proper to remark that the articles mentioned in the memorandum are precisely those which are not produced in Canada, at least in any appreciable quantity, so that the duties are paid by the consumers only, and only affect French trade as far as the increase of prices tend to limit the consumption.

"Owing to the impossibility of satisfying the desire of a reduction of duties in favor of France, the Canadian Government find that they are no more in a position to insist on the demands of rebates on duties which they have thought proper to make in the memorandum presented by the undersigned at the first conference. Therefore their propositions are now merged into one, and that is to place the commercial relations between France and Canada mutually on the same standing as the most favored nation, Canada, for her part, agreeing to abolish the *ad valorem* duties on wines. If this proposal was approved of by the Government of the French Republic the question of overtax on goods in bond would only remain to be settled.

"But as the Canadian people desire to enjoy communications, more complete and more direct than those which exist to-day, with a country to which they owe a great part of their population, the undersigned has been instructed, with regard to what was contained in the letter from His Excellency, dated the 20th day of March, in connection with the establishment of a direct line of steamers, to inform the Government of the Republic that the Canadian Government have already voted an annual subsidy of \$50,000 or £10,000 on condition that an equal subsidy be granted by France. The Canadian Government would agree that the bounty given to French sea-going vessels would be considered as being paid on account of the subsidy, provided always, that should these bounties be reduced or abolished, the subsidy would be re-established at the same rate as the Canadian subsidy. In order to facilitate this arrangement the Canadian Government would make no observations as to the nationality of the subsidised steamers.

"The undersigned cannot conclude without expressing the hope that the Government of the Republic will be convinced that, within the limits prescribed by the circumstances, the Canadian Government are animated with the same sentiments of sympathy which France has been pleased to express towards Canada, and that they earnestly desire to arrive at a complete identity of interests on both sides.

"(Signed) A. GALT."

The parleys continued, and on the 10th of May, 1883, a new conference took place. The following is the report thereof:—

"Second Conference, 10th May, 1883.

"Presidency of Mr. Challemeil-Lacour, Minister of Foreign Affairs.

"Were present: Mr. Hérisson, Minister of Commerce; His Excellency, Lord Lyons, Ambassador of Her Britannic Majesty at Paris; and the French and Canadian Commissioners who had attended the previous meeting.

"The meeting was opened at half-past one.

"The Minutes of Proceedings of the first conference were adopted.

"Mr. President recalls that at the conference held in Paris on the 15th of March, 1882, M. C. Hunt, Canadian Commissioner, had read a note pointing out the desiderata of his Government. Mr. Tirard, then Minister of Commerce, had expressed the opinion, that before discussing the