

that the trade of the Western States will not be diverted from its natural channel by legislation: and if the United States are not prepared at present to consider the general opening of their coasting trade, it would appear desirable that, as regards the internal waters of the Continent, no distinction should be made between the vessels of the two countries.

If the foregoing points be satisfactorily arranged, Canada is willing to adjust her excise duties upon spirits, beer, and tobacco, upon the best revenue standard which may be mutually adopted after full consideration of the subject; and if it be desired to treat any other articles in the same way, the disposition of the Canadian Government is to give every facility in their power to prevent illicit trade.

With regard to the transit trade, it is suggested that the same regulations should exist on both sides, and be defined by law. Canada is also prepared to make her patent laws similar to those of the United States.

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Inclosure 3 in No. 11.

*Memorandum B.*

IN response to the Memorandum of the Honourable Mr. Galt and his associates, Honourable Mr. Smith, Honourable Mr. Henry, and the Honourable Mr. Howland, the Committee of Ways and Means, with the approval of the Secretary of the Treasury, are prepared to recommend to the House of Representatives, for their adoption, a law providing for the continuance of some of the measures embraced in the Reciprocity Treaty, soon to expire, viz.: For the use and privileges enjoyed now under the said Treaty in the waters of Lake Michigan, provided that the same rights and privileges are conceded to the citizens of the United States by Canada in the waters of St. Lawrence and its canals as are enjoyed by British subjects, without discrimination as to tolls, and charging rates proportional to canal distance; also for the free transit of goods, wares, and merchandize in bond, under proper regulations, by railroad across the territory of the United States to and from Portland and the Canada line; provided equal privileges shall be conceded to the United States from Windsor or Port Sarnia, or other Western points of departure to Buffalo or Ogdensburg, or any other points eastward, and that the free ports established in the provinces shall be abolished; also that the bounties now given to American fishermen shall be repealed, and duties not higher imposed upon fish than those mentioned in Schedule A, providing that all the right of fishing near the shores existing under the Treaty heretofore mentioned shall be granted and conceded by the United States to the provinces, and by the provinces to the United States.

It is also further proposed that the following list of articles shall be mutually free, viz.: Burr millstones, unwrought; cotton and linen rags, firewood, grindstones rough or finished; gypsum, or plaster, unground.

SCHEDULE A. Fish—Mackerel, 1 dollar 50 cents per barrel; herring, pickled or salted, 1 dollar per barrel; salmon, 2 dollars 50 cents per barrel; shad, 2 dollars per barrel; all other fish, pickled, 1 dollar 50 cents per barrel; provided that any fish in packages other than barrels shall pay in proportion to the rates charged upon similar fish in barrels. All other fish  $\frac{1}{2}$  cent per lb.

As to the duties which will be proposed upon the other articles included in the Treaty, the following are submitted, viz.: Animals living, of all sorts, 20 per cent. *ad valorem*; apples and garden fruit and vegetables, 10 per cent. *ad valorem*; barley, 15 cents per bushel; beans, except vanilla and castor oil, 30 cents per bushel; beef, 1 cent per lb.; buckwheat, 10 cents per bushel; butter, 4 cents per lb.; cheese, 4 cents per lb.; corn (Indian) and oats, 10 cents per bushel; cornmeal (Indian) and oatmeal, 15 cents per bushel; coal (bituminous), 50 cents per ton; all other coal, 25 cents per ton; flour, 25 per cent. *ad valorem*; hams, 2 cents per lb.; hay, 1 dollar per ton; hides, 10 per cent. *ad valorem*; lard, 3 cents per lb.; lumber (pine), round or log, 1 dollar 50 cents per 1,000 feet; pine, sawn or hewn, 2 dollars 50 cents per 1,000 feet; planed, tongued, and grooved or finished, 25 per cent. *ad valorem*; spruce and hemlock, sawed or hewn, 1 dollar per 1,000 feet; spruce planed, finished, or partly finished, 25 per cent. *ad valorem*; shingle bolts, 10 per cent. *ad valorem*; shingles, 20 per cent. *ad valorem*; all other lumber—of black walnut, chestnut, bass, white wood, ash, oak, round, hewn, or sawed, 20 per cent. *ad valorem*; if planed, tongued, and grooved, or finished, 25 per cent. *ad valorem*; ores, 10 per cent. *ad valorem*; peas, 25 cents per bushel; pork, 1 cent per lb.; seed (timothy and clover),