

No. 2.

Earl Russell to Mr. Adams.

Sir,

Foreign Office, March 17, 1865.

I HAVE the honour to acknowledge the receipt of your letter of this day, containing a Resolution of the Congress of the United States, approved by the President, in regard to the termination of the Treaty of 1854, commonly known as the Reciprocity Treaty.

Her Majesty will instruct Sir Frederick Bruce on his proceeding to Washington as Her Majesty's Envoy Extraordinary, upon this subject.

I am, &c.
(Signed) RUSSELL.

No. 3.

Earl Russell to Sir F. Bruce.

(Extract.)

Foreign Office, March 24, 1865.

THERE can be no doubt that the operation of the Reciprocity Treaty has been mutually beneficial to both the Contracting Parties.

Consulting first the statistical returns, we find that the Secretary of the Treasury of the United States reports that the total imports into the British Provinces from the United States were, in 1827, 445,118 dollars, and the exports from those provinces to the United States 2,830,674 dollars; total trade, 3,275,792 dollars.

It is stated by the Select Committee of the Chamber of Commerce of New York that the whole value of exports and imports between the United States and the British North American Provinces was in 1849, 6,000,000 dollars, and had grown slowly up to that amount. We find stated on the same authority—

								1854.	
Imports into Canada	..	..	..	..	..	..	..	Dollars.
Exports from Canada to the United States	..	..	..	..	..	..	..	15,583,098
								8,649,002	
								1855.	
Imports	..	..	..	..	..	..	..	Dollars.
Exports	..	..	..	..	..	..	..	20,828,676
								16,737,277	
								1863.	
Imports	..	..	..	..	..	..	..	Dollars.
Exports	..	..	..	..	..	..	..	23,109,362
								22,534,075	

There cannot well be a greater proof of the benefits of this commerce to both parties.

It is true that the Committee states that the balance of trade in regard to goods duty free was in ten years upwards of 42,000,000 dollars against the United States, and in regard to manufactured goods, upwards of 88,000,000 dollars in favour of the United States.

But there is no necessity of discussing views founded on the theory of the balance of trade. If the United States took in ten years goods duty free to the value of 42,000,000 more than they sent to Canada, it was that the inhabitants of the United States wanted these goods for their own use and enjoyment. So, likewise, if Canada took in ten years 88,000,000 dollars worth of duty-paying manufactures, &c., more than they exported to the United States, it was because the inhabitants of Canada wanted these goods for their own use and enjoyment, and were willing to pay the price demanded for them. Both countries have profited by this intercourse.

But other very great advantages have been derived from the Reciprocity Treaty. Before the conclusion of that Treaty frequent disputes arose respecting the sea fisheries, and men-of-war, British and American, were employed to adjust those disputes. Those disputes will probably arise anew if the Treaty is abrogated.

The free navigation of the St. Lawrence by the Americans, and the use of the American railroads by the Canadians during winter, are also consequences of the Reciprocity Treaty.