

The last despatch from Lord Herschell in which reciprocity is mentioned contains the following statements:—

“As regards minerals and some agricultural products there seems no doubt that a satisfactory arrangement can be arrived at. So far as lumber and hay are concerned, the prospects are, to my mind, not promising. It is no doubt highly desirable that the free admission of lumber into the United States should be secured, inasmuch as Ontario has passed a retaliatory law which has caused great irritation, and is sure to give rise to still more when it comes to be enforced in the ensuing lumber season. My Canadian colleagues are therefore naturally bent upon obtaining this concession, but the lumber interest opposed to it is very powerful, and is to be found in many States.”

The general impression seemed to be that the reciprocity negotiations would have a better prospect of success if resumed at a later date, and Lord Herschell was in favour of putting them aside for the moment.

It has been stated above, in connection with the fisheries question, that the free admission of certain mineral products desired by Newfoundland would probably be obtained, and at one time there was some hope that the concessions on agricultural products and on lime, which would benefit New Brunswick and Nova Scotia, were within reach.

With regard to the larger concessions which might be considered as an equivalent for the abandonment of pelagic sealing and of the rights of exclusion against American fishing-vessels on the Atlantic coast, it seemed possible some months ago that the Americans might be induced to consent to the admission of fish free of duty on the Atlantic and Pacific coasts. According to the United States' Constitution the customs duties must be uniform in all the States, and therefore “free fish” could not be granted on the Pacific side without a corresponding admission on the Atlantic seaboard.

At this stage of the negotiations there was also a prospect that the duties on coal might be abolished both in Canada and the United States. The result would have been satisfactory to British Columbia, which would have gained a better market for coals from the Nanaimo mines, in the Island of Vancouver, and to the central portion of the Dominion which would have got coal more cheaply from the neighbouring States of the Union; but rightly or wrongly, the coal-owners in Nova Scotia considered that, notwithstanding the advantages which they would derive from free access to the New England States, they would lose still more owing to the competition of American coal on equal terms at Montreal, and there were no doubt other obstacles to such a very important and wide-reaching change of Tariff.

With regard to the vexed question of lumber, hopes were more than once entertained that the American duty of 2 dollars per 1,000 feet might be taken off, and there are certainly strong interests in the United States which are in favour of this course, but at the date of the adjournment of the Commission these hopes had fallen to the ground in spite of the strenuous efforts made by Sir Wilfrid Laurier, and the promises of sympathy and support which he received from the President. It had become more than doubtful whether the duty would even be reduced by one-half, as had been confidently expected in the earlier negotiations.

12. *The questions in respect to the fur-seals in Behring Sea and the waters of the North Pacific Ocean.*

The despatches on this subject show that it was decided from the very first to endeavour to arrive at an understanding for the cessation of pelagic sealing.

Lord Herschell said, in his letter to Senator Fairbanks of the 21st December, that there must be fair and equitable compensation to the owners of sealing-vessels and to others engaged in the industry, and that there must be some adequate concession in consideration of Great Britain giving up her national right and undertaking to enforce the prohibition; also, that it must be taken into account that the United States' Government or their lessees, or both, would benefit very largely in a pecuniary point of view from the action of Great Britain.

The latest draft of the proposed Agreement on this question was submitted by the British Commissioners at the end of January, and forms Inclosure 2 in Lord Herschell's despatch No. 1 of the 7th February. He stated in that despatch that Senator Fairbanks had named 500,000 dollars as the limit to which the United States would be prepared to go as a settlement of the compensation to the sealers, leaving the vessels and their outfits in the possession of the owners; that this figure was a great advance on

Lord Herschell,*
No. 4,
September 2;
No. 6,
September 23;
No. 7,
September 30;
No. 9, October 11;
No. 15,
December 22,
1898
(Inclosure 14);
No. 1, February 7,
1899 (and
Inclosure 2).
Mr. Cartwright,
No. 4, March 3,
1899 (Inclosures
1 and 4).

* See pp. 63, 77, 82, 96, 123, 153, and 1887.