

the Imperial Parliament. On the subject of a Naval Force for Lake Ontario, we said that, apart from any question of expediency, the convention subsisting between this country and the United States rendered it impossible for either nation to place more than the specified number of armed vessels on the Lakes in time of peace. In case of war it would, as a matter of course, be the duty of any Government in this country to apply its means of Naval Defence according to the judgment it might form upon the exigencies of each particular time, and the Canadian Ministers might be assured that Her Majesty's Government would not permit itself to be found in such a position as to be unable to discharge its duty in this respect. This was the only assurance the Canadian Ministers could expect, or we could give.

Upon a review of the whole matter, the Canadian Ministers reverted to the proposal which has been mentioned above, that priority in point of time should be given to the Confederation of the Provinces. To this we, on the part of Her Majesty's Government, assented. In conformity, however, with a wish strongly expressed by the Canadian Ministers, we further said that if, upon future consideration, the Canadian Government should desire to anticipate the Confederation and to propose that Canada should execute the works, they would doubtless communicate to Her Majesty's Government that decision; and we trusted that after what had passed in these conferences they would feel assured that any such communication would be received by us in the most friendly spirit.

On the third point, the Reciprocity Treaty, the Canadian Ministers represented the great importance to Canada of the renewal of that treaty, and requested that Sir F. Bruce might be put in communication with the Government of Lord Monck upon the subject. We replied that Sir F. Bruce had already received instructions to negotiate for a renewal of the treaty, and to act in concert with the Government of Canada.

On the fourth point, the subject of the North-western Territory, the Canadian Ministers desired that that Territory should be made over to Canada, and undertook to negotiate with the Hudson's Bay Company for the termination of their rights, on condition that the indemnity, if any, should be paid by a loan to be raised by Canada under the Imperial guarantee. With the sanction of the Cabinet, we assented to this proposal, undertaking that if the negotiation should be successful we on the part of the Crown being satisfied that the amount of the indemnity was reasonable, and the security sufficient, would apply to the Imperial Parliament to sanction the arrangement and to guarantee the amount.

On the last point, it seemed sufficient that Her Majesty's Government should accept the assurances given by the Canadian Ministers on the part of Canada, that that Province is ready to devote all her resources both in men and money to the maintenance of her connexion with the Mother Country, and should assure them in return that the Imperial Government fully acknowledged the reciprocal obligation of defending every portion of the Empire with all the resources at its command.