

“ molasses, &c. The protection in favor of Canadian flour, when sent by
 “ the St. Lawrence to Halifax, St John's, and other ports, must divert
 “ the supply of those Provinces from New-York to Montreal and Quebec ;
 “ and the vessels which take the flour will bring back sugar, molasses,
 “ and other foreign commodities, which, during the last few years,
 “ have been purchased in the New York markets. Under the existing
 “ commercial regulations, therefore, the United States wheat-growers
 “ will have to compete with the Canadians on terms disadvantageous
 “ to the former, in a market which is next in importance, and nearly
 “ equal, to Brazil. In the other markets of the world both will meet on
 “ equal footing. Canadian flour is at this time competing, in the New
 “ York markets, with that of the Western States, to supply the foreign
 “ demand which regulates the price of the article ; and it would be
 “ injurious to Americans' interests to force the trade, which is now carried
 “ on with the Atlantic cities, into the channel of the St. Lawrence.

“ It is assumed (and as, perhaps, it may turn out, unfortunately
 “ assumed) by the opponents of the Reciprocity Bill, that in the event
 “ of the bill being rejected by the American Congress, Canada will
 “ maintain her present commercial policy, and continue to foster the
 “ import trade from the United States.

“ It is very desirable that you should be fully aware of the state of
 “ public opinion in Canada on this question. Having myself been a
 “ strong advocate for free commercial intercourse with the United States,
 “ and having had, in my position as Finance Minister, to resist in Par-
 “ liament, the advocates of a restrictive policy, I am thoroughly ac-
 “ quainted with the views of all parties. I have no hesitation in stating
 “ that the advocates of a retaliative policy are rapidly gaining ground.
 “ Whether all or any of the plans suggested will be carried out, it is of
 “ course impossible for me to say, but it is certainly highly desirable
 “ that, in arriving at a very important decision, you should be fully
 “ aware of the probable consequences. The re-imposition of the differ-
 “ ential duties against United States manufactures has been strongly
 “ urged. Such a measure would be most acceptable to the commercial
 “ interests of Montreal and Quebec, whose trade was seriously injured
 “ by their repeal. At the close of the last session of our Parliament, an
 “ influential member of the opposition, a gentleman who held under a
 “ former administration the office which I have now the honor to fill,
 “ gave notice of his intention to introduce a bill, during the next session,
 “ to re-impose those duties. Leading organs of the opposition have
 “ strongly advocated such a measure, and no doubt can be entertained
 “ that it will engage the consideration of our Parliament at an early
 “ day. Should it be adopted, the United States would have no just
 “ cause of complaint. They never invited Canada to repeal the differ-
 “ ential duties, and their rejection of the Reciprocity Bill would, of
 “ course, be looked upon as a deliberate rejection of the Canadian trade.

“ In England the re-imposition of differential duties by Canada
 “ would be viewed most favorably, and there can be no doubt that the
 “ effect would be to stimulate the efforts of those who are seeking to
 “ obtain some modification, of the present corn laws. Another measure