

respective courses of these two countries since 1846, when Canada endeavoured to adapt herself to Imperial maxims of Trade. We abolished differential duties in favour of England and of our transit Trade, while the United States maintained their restrictive system. We abolished our Navigation laws, opened our Coasting Trade and Canals to them, while they have never altered the former, and although twice provided by Treaty never yet has a Canadian craft passed through the New York Canals. We admitted their natural products free, they imposed prohibitory duties on ours. We admitted their Fish free, they demanded admission to our fishing grounds, as the price of giving us the same advantage. Such was the condition of things, until 1854 when the Reciprocity Treaty was made under which Free Trade in all natural products was established, with great advantage to both Countries. In 1865, the United States terminated the Treaty, and re-imposed heavy duties on all the productions of Canada. For fourteen years till 1879, Canada maintained her friendly treatment of the United States, she admitted their Corn, Coal, Lumber, Fish and all raw products free, and taxed their manufactures no more than those of England, while every article Canada produced was heavily taxed, her ships excluded from the Coasting trade, and her transit trade embarrassed by vexatious regulations and heavy fees. Until 1874, Canada managed to hold her own under these disadvantages, owing to the excessive inflation of prices in the United States caused by their war expenditure, but when the re-action took place and prices fell, Canada not only found her products excluded by high duties, but also American Goods flooding her comparatively free Markets to the great injury of her own nascent industries, and to the serious diminution of her import of British goods.

The following figures are eloquent :

Imports from Great Britain	1873	\$ 68,522,776
" " " "	1878	37,431,180
DECREASE		" 31,091,596
Imports from United States	1873	" 47,735,678
" " " "	1878	48,631,739
INCREASE		" 896,061
Exports to Great Britain	1873	" 38,743,848
" " " "	1878	45,941,539
INCREASE		" 7,197,691
Exports to United States	1873	" 42,072,526
" " " "	1878	25,244,898
DECREASE		" 16,827,628

Canada thus found the United States not only crippling her industries, and substituting American for British Goods in her Markets, but also refusing to accept her products in payment and forcing her to sell them to England at a serious disadvantage.