

This resolution embraces not merely a consideration of the interchange of products between the United States and confederated Canada, but also extends the inquiry into an examination of other questions outside of reciprocal trade strictly speaking, and which entered largely into the discussion of the subject during the negotiations which led to the adoption of the reciprocity treaty of 1854. As a mere question of an exchange of products of the soil, American statesmen uniformly contended that the advantage of the market under this treaty would benefit the Canadian seller to a greater extent than it would us; but it was urged that as the actual market for the surplus products both of the United States and of Canada must be beyond our territorial limits, the advantage was more apparent than real. In other words, whilst the returns might show that under a free interchange of the natural products of the soil, Canada would export to the United States more than we would export to the provinces, yet in this matter the United States would occupy merely the position of a factor, obtaining all the advantage which the carrying and handling of the produce gave; the real and ultimate purchaser being found in the European markets. The advantage to Canada it was said, would be found in the capital of the United States, and the facility of selling on the spot and at all seasons of the year; but that the markets of the world, and not the local demand, would regulate the price. The advantage to the United States was mainly to be had from the profit which our capital would insure in the handling and transit to the ocean of this produce.

Mr. Webster, Mr. Clayton, Mr. Everett, and Mr. Marcy, who conducted the negotiations pending the reciprocity treaty, held that, so far as the interchange of produce was concerned, the United States would furnish by far the largest market; but they acknowledged that it would increase our commerce, and that beyond this trade the securing to our citizens the free navigation of the St. Lawrence and the privilege of the fisheries were benefits of great importance in the present and of even greater moment in the future. Mr. Everett, as Secretary of State, in a report to the President, February, 1853, upon the pending negotiations for a liberalization of trade with the provinces and the adjustment of the free navigation of the St. Lawrence and the fisheries, said:

Even if the United States, as the party to the compact which furnishes by far the largest market to the other, should think it necessary in some respects to limit and in others to enlarge the number of articles subject to the arrangement beyond what the British government or the provinces would prefer, the Secretary has been of opinion that the main provisions promised so much benefit on both sides that it would be felt to be expedient to enter into the arrangement for a definite time, leaving to future negotiations and legislation, guided by experience, to render it still more satisfactory.

To what extent these views were correct or otherwise is now more easily determined than it was possible to estimate at an earlier period. The treaty has been terminated nearly two years, and the returns since that time, contrasted with those of previous years when the treaty was in operation, give data to go upon, instead of mere surmise. I propose, therefore, to give these returns, and also the prices paid by American purchasers in the Canadian markets for leading articles imported into the United States before and since the repeal of the treaty, together with such other further information as will answer fully the resolution upon all the subjects alluded to.

I am indebted to the Canadian finance department for much original information of a statistical nature, which will be found embodied in this report. The returns are brought down to the latest period and are officially correct. Some valuable data have also been extracted from an excellent work published in Canada, called "The Year Book," compiled from official sources.

The following tables give the trade returns of all the British North American provinces, from 1850 to the present time, distinguishing how much of the commerce was with the United States. All the values are estimated in gold:

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