

# A CRITICAL EXAMINATION OF THE PROPOSAL OF THE COMMITTEE ON WAYS AND MEANS.

We design to examine critically the proposal made by the Congressional Committee on Ways and Means to the delegation from the British Provinces, and for this purpose will consider it under the four main heads into which it naturally divides itself, viz: the questions of Navigation, Transit, Fisheries, and Reciprocal Tariff.

1. *Navigation.*—The Committee desired the use of the St. Lawrence and its canals in return for the concessions of the right to navigate Lake Michigan.

In the American returns for the year ending June 30th, 1864—the latest published—we find that the following Canadian tonnage entered and cleared from the three Custom House "districts" on Lake Michigan, viz: Michilimackinac, Milwaukee, and Chicago.

|               |               |
|---------------|---------------|
| Inwards.....  | 104,284 tons. |
| Outwards..... | 110,815 "     |

Turning now to the statistics of the trade on our canals, we find that the following American tonnage used them in the year ending June 1865 (the returns for 1864, comprise only six months trade):

|                           | UP.           | DOWN          |
|---------------------------|---------------|---------------|
| Welland Canal.....        | 271,863 tons. | 270,382 tons. |
| St. Lawrence Canals.....  | 13,252 "      | 15,070 "      |
| Chambly Canals.....       | 30,046 "      | 31,322 "      |
| Burlington Bay Canal..... | 4,842 "       | 5,045 "       |
| St. Ann's Lock.....       | 3,594 "       | 3,013 "       |
| Ottawa Canals.....        | 2,597 "       | 2,023 "       |
| Total.....                | 326,294 "     | 326,860 "     |

From these figures it is evident that the existing arrangements, under which only 104,284 tons (Canadian enter) Michigan, against 270,382 tons American, which pass down the very first of our canals, are far more favourable to the Americans than to us. In proposing that they should remain as they are, the Committee therefore asked a boon, not offered one.

2. *Transit.*—The main branch of the transit question which interests us is (a) the right of importing goods through the United States in bond. To this will shortly be added the correlative right (b) of exporting goods in a similar manner. Connected with it is also the right enjoyed by the United States of transit across the peninsula of Upper Canada (c).

(a) Our imports of various articles by way of the United States are about one third of the imports by way of the St. Lawrence, as will be seen by the annexed table:

| Years       | Imports in bond through the U. S. | Imports via the St. Lawrence. |
|-------------|-----------------------------------|-------------------------------|
| 1860.....   | \$3,041,877                       | \$13,527,160                  |
| 1861.....   | 5,689,952                         | 18,726,641                    |
| 1862.....   | 5,508,427                         | 17,001,019                    |
| 1863.....   | 6,172,493                         | 16,439,930                    |
| 1864.....   | 7,925,177                         | 6,411,691                     |
| 1864-5..... | 6,511,771                         | 18,688,810                    |

We cannot say that we import by way of the St. Lawrence for the United States any thing at all equivalent to the values shown in the first of these two columns, the figures being only as under:—

Goods imported via the St. Lawrence in transitu for the United States.

|             |          |
|-------------|----------|
| 1860.....   | \$21,505 |
| 1861.....   | 522,514  |
| 1862.....   | 490,298  |
| 1863.....   | 515,245  |
| 1864.....   | 282,667  |
| 1864-5..... | 289,685  |

b) Our tables have given since 1861 an estimate of the goods exported via the St. Lawrence in transitu from the United States, viz:

|             |             |
|-------------|-------------|
| 1861.....   | \$3,565,511 |
| 1862.....   | 5,198,920   |
| 1863.....   | 2,997,818   |
| 1864.....   | 507,243     |
| 1864-5..... | 1,714,620   |

The American returns do not give the corresponding statement of their exports of our produce. The figures are probably about equal to the above.

c) The right of transit across Canada West is of considerable use to the Americans. We have no means of learning the exact quantities of breadstuffs and live stock that annually go from the West to the East across our roads, but we have no doubt that the effect of this means of transportation—so much more rapid than the tedious way by the South shore of Lake Erie—is to cheapen beef and pork from a-half to one cent per lb. in the chief Eastern markets.

Summing up these three classes of considerations (a, b and c) which we have considered from a national stand-point, we think it will appear that the benefits of the almost unrestricted transit trade which has

hitherto prevailed are about equally shared by the Americans and ourselves. If we examine how private corporations, such as railroads, would be affected by its cessation, we shall perceive that our lines derive very little more advantage from it than the American companies. Were it withdrawn, such roads as the Welland and Erie and Ontario would be ruined, the Great Western would cease for a while to pay dividends, and the Northern would suffer, though perhaps the Grand Trunk would benefit in one way, as much as it was injured in another. On the American side, the New England railways—especially the Vermont Central and Portland and Boston—would lose a great share of their traffic; the New York Central and its connections would be injured equally with the Michigan Central; Detroit and Milwaukee stock would go to zero, and we doubt whether the South shore routes and the New York and Erie would gain what these other lines would lose.

But these two matters of navigation and transit have so close a connection that the fate of one must be the fate of the other. If the Americans were to stop the bonding system, and thus shut us up in winter, we should at once close the Welland Canal, and give the West over to the tender mercies of the men of Buffalo. They do not depend upon the Reciprocity Treaty, but upon Treasury Regulations in the States, and Laws and Orders in Council here, which were mostly in existence before the Treaty, and will probably long outlive it. The Committee were probably actuated by a desire to make them subject rather to law than to the caprices of Governments when they proposed to embody them in an Act of Congress. But under these circumstances it is perhaps for the best that they remain for the present under the control of Secretary McCullough than that they should be placed under that of Mr. Morrill's republican majority in the House of Representatives.

3. *The Fisheries.*—The proposed concessions of the right of fishing on our shores is of great value to the Americans. The best mackerel are all caught within the three miles limit, so that the loss of the Reciprocity Treaty involves to their fishermen the loss of the \$1,500,000 to \$2,000,000 of mackerel they have hitherto taken. Then, the most valuable cod-fishing grounds of the Gulf are within the mark of the St. Lawrence as defined by the old geographers, into which the Americans have only been admitted by a definition special to the Treaty; the mouth as otherwise understood extending to a line drawn from the head lands of Gaspé to the east point of Anticosti, and thence to St. John. The herring fishery is also in great part carried on in-shore. The total value of fish taken in these limits by Americans some years amounts to over \$1,000,000. All this will be lost to them if we stand upon our rights. Besides, the right of passing through the Gulf of Canada depends on the Treaty also. If forced to go round Cape Breton on their way to the Gulf of St. Lawrence, the American craft would be delayed ten days or a fortnight and lose at least one "fare" per annum. It is known that 700 vessels are going to the fisheries this year from Gloucester (Mass.) alone. A large majority intended to go into our waters. On the other hand, not a solitary Canadian fisherman has ever gone into American waters, and not a dozen New Brunswick or Nova Scotia craft has ever fished South of their own boundaries.

But the Committee proposed, in return for the privilege of fishing in our waters, to allow our fish to enter the American market at a duty of ten per cent., the duties mentioned were more like twenty-five per cent., but we understand that ten per cent. was really intended. If our fish trade were conducted with the American alone, this would perhaps be of some importance. But the returns show, as exports of fish:

|                            | To the United States | To other countries. |
|----------------------------|----------------------|---------------------|
| From Canada, 1865.....     | \$81,805             | \$610,761           |
| " Nova Scotia 1864.....    | 1,100,493            | 1,846,046           |
| " New Brunswick '64.....   | 125,182              | 170,865             |
| " Newfoundland, '62.....   | 121,355              | 3,979,090           |
| " Prince Ed Is'd, '61..... | 29,888               | 40,807              |
| Total.....                 | \$1,458,723          | 6,617,669           |

The question of duty on fish therefore affects none of the Provinces vitally, and ourselves but very little. An article of such universal consumption will easily be absorbed in the other markets in which we already sell so largely. We must then turn to the last point in the proposal, to ascertain whether on this point any concession was offered at all equivalent to the valuable privilege.

4. *The Reciprocal Tariff.*—The Americans have never understood the principle of Reciprocity as we have, indeed, their trade Legislature is not at all in accordance with the philosophy of commerce. The underlying principle of the Reciprocity Treaty was "that the articles placed on the free list were the productions of the two contracting parties, neither of whom imported them largely from abroad." We therefore made them free to all the world; the Americans, less liberal, did not. The effect of the expiration of the Treaty will therefore be simply to cause their tariff to apply to us. We shall have to enact a new tariff if we were to desire to tax the articles hitherto affected by it when imported from the States. Let us see then in what particulars the Committee offered to alter their tariff to favour our products. Here is the list:

|  | Existing Tariff. | Proposed Duties. |
|--|------------------|------------------|
| Burr Mill, stones, unwrought           | Free             | Free             |
| Cotton and Linen rags.....             | Free             | Free             |
| Firewood.....                          | 20 p c           | Free             |
| Grindstones, rough and unfinished..... | 10 p c.          | Free             |
| Gypsum or Plaster, unground            | Free             | Free             |
| Fish—Mackerel.....                     | \$2.00 p. lb.    | \$1.50 p. bar.   |
| " Herring.....                         | 1.00 "           | 1.00 "           |
| " Salmon.....                          | 3.00 "           | 2.50 "           |
| " Shad.....                            | 1.50 "           | 2.00 "           |
| All other, pickled.....                | 1.50 "           | 1.50 "           |
| " dry.....                             | 1.50 "           | 1.50 "           |
| Animals, living.....                   | Free             | 20 p. c.         |
| Apples, Fruit and Vegetables.....      | 10 p. c.         | 10 p. c.         |
| Barley.....                            | 15 p. b.         | 15 p. b.         |
| Beans.....                             | 10 p. c.         | 30 p. c.         |
| Beef.....                              | 1 c p lb         | 1 c p lb         |
| Butter and Cheese.....                 | 4 "              | 4 c p b          |
| Corn, Oats, Buckwheat, &c.....         | 10 p. b.         | 10 "             |
| Corn and Oatmeal.....                  | 15 "             | 15 "             |
| Coal, bituminous.....                  | \$1.25 p. c. tn  | 50 c p. tn       |
| " all other.....                       | 40 "             | 25 c p. tn       |
| Flour.....                             | 20 p c           | 23 c p.          |
| Hams.....                              | 2 c. p lb        | 2 c. p lb        |
| Hay.....                               | ?                | ?                |
| Hides.....                             | 10 p. c.         | 10 p. c.         |
| Lard.....                              | 2 c. p lb        | 8 c. p lb        |
| Lumber—Pine, in the log.....           |                  | 1.50 per M       |
| " Pine sawed or hewn.....              |                  | 2.50 "           |
| " planed, tongued, &c.....             | 20 p c           | 25 p. c          |
| Spruce or Hemlock, sawed.....          |                  | 1.00 per M       |
| " planed, &c.....                      |                  | 25 p. c.         |
| Shingle bolts.....                     | Free             | 10 "             |
| Shingles.....                          | 35 p. c.         | 20 "             |
| All other, hewed or sawn.....          | 20 p. c.         | 20 "             |
| " planed, &c.....                      |                  | 20 "             |
| Ores—Copper.....                       | 5 p. c.          | 10 "             |
| Silver and Gold.....                   | Free             | Free             |
| Peas.....                              | 1 c p lb         | 25 c p. b.       |
| Pork.....                              | 1 c p lb         | 1 c p lb         |
| Potatoes.....                          | 25 c p. b.       | 10 c p. b.       |
| Seeds—Timothy and Clover.....          | 30 p. c.         | 20 p. c.         |
| Trees, Shrubs and Plants.....          | 30 p. c.         | 15 "             |
| Tallow.....                            | 1 c p lb         | 2 c p lb         |
| Wheat.....                             | 20 c p. b.       | 20 c p. b.       |

The duties were thus to be lowered only on:—

|              |                           |
|--------------|---------------------------|
| Coal,        | Potatoes,                 |
| Firewood,    | Salmon,                   |
| Grindstones, | Seeds, Timothy, & Clover, |
| Mackerel,    | Shingles,                 |
|              | Trees, Plants and Shrubs. |

And they were actually to be raised on—

|                   |                      |
|-------------------|----------------------|
| Animals,          | Lard,                |
| Beans,            | Ores,                |
| Corn and Oatmeal, | Tallow,              |
| Flour,            | Lumber of all kinds, |
|                   | except Shingles.     |

This really looks like a deliberate insult on the part of the Committee. It certainly was an insult to common sense. As a reward for the concessions of Fishing rights, they kindly offered to raise their existing Tariff on the articles in which we are chiefly interested. No wonder the Delegates withdrew from a conference with them, declaring substantially as follows:—

"We do not see that any great advantage will arise from making the Navigation question the subject of Legislature. We have no disposition to disturb your trade, and we presume you have no disposition to put barriers in the way of ours. The probability is, we think, that the same facilities will continue to be given on both sides which now exist."

"It does not seem necessary, either, that stipulations should be entered into in regard to the Transit trade. We believe that the present facilities are beneficial to the carriers on both sides of the lines. They do not exist under the Treaty, and we are prepared to let them continue as they are, without asking for or giving definite assurances."

"With regard to the Fisheries, we are asked to yield the right of fishing along 3,000 miles of coast, and the equivalent suggested is an insignificant free list and a schedule of duties, low on articles in which we have little interest and almost prohibitive on those in which we are concerned."

"We therefore come to the conclusion that all matters must be left as they will be at the termination of the Treaty, to be dealt with by the several Legislatures of the United States on the one hand, and the British Provinces on the other, as they may please."