

CANADA.

of a Convention framed upon a system of reciprocity. Looking, therefore, to all the circumstances, Her Majesty's Government found it their duty to deal separately with the fisheries, and to endeavour to find some other equivalent; and the reciprocal concession of free fishery with free import of fish and fish oil, together with the payment of such a sum of money as may fairly represent the excess of value of the colonial over the American concession, seems to them to be an equitable solution of the difficulty. It is perfectly true that the right of fishery on the United States' coasts, conceded under Article 19, is far less valuable than the right of fishery in colonial waters, conceded under Article 18 to the United States; but, on the other hand, it cannot be denied that it is most important to the colonial fishermen to obtain free access to the American market for their fish and for fish oil, and the balance of advantage on the side of the United States will be duly redressed by the arbitrators under Article 22. In some respects a direct money payment is, perhaps, a more distinct recognition of the rights of the Colonies than a tariff concession, and there does not seem to be any difference in principle between the admission of American fishermen for a term of years in consideration of the payment of a sum of money in gross, and their admission under the system of licences calculated at so many dollars per ton, which was adopted by the Colonial Government for several years after the termination of the Reciprocity Treaty. In the latter case it must be observed the use of the fisheries was granted without any tariff concession whatever on the part of the United States, even as to the importation of fish.

Canada could not reasonably expect that this country should, for an indefinite period, incur the constant risk of serious misunderstanding with the United States, imperilling, perhaps, the peace of the whole Empire, in order to endeavour to force the American Government to change its commercial policy; and Her Majesty's Government are confident that when the Treaty is considered as a whole, the Canadian people will see that their interests have been carefully borne in mind, and that the advantages which they will derive from its provisions are commensurate with the concessions which they are called upon to make. There cannot be a question as to the great importance to Canada of the right to convey goods in bond through the United States, which has been secured to her by Article 29; and the free navigation of Lake Michigan under Article 28, and the power of transshipping goods under Article 30, are valuable privileges which must not be overlooked in forming an estimate of the advantages which Canada will obtain. Her Majesty's Government have no doubt that the Canadian Government will readily secure to the citizens of the United States, in accordance with Article 27, the use of the Canadian canals, as by the liberal policy of the Dominion those canals are already opened to them on equal terms with British subjects, and they would urge upon the Dominion Parliament and the Legislature of New Brunswick that it will be most advisable to make the arrangement as to duties on lumber floated down the St. John River, upon which the execution of Article 30 as to the transshipment of goods is made contingent.

The freedom to navigate the St. Lawrence, which is assured to the United States by Article 26, has long existed in fact, and its recognition by Treaty cannot be prejudicial to the Dominion, which moreover obtains in return the free use of certain rivers on the Pacific side of the continent.

I must not omit to notice that by Article 34 the dispute as to the Island of St. Juan is to be submitted to arbitration, and provision has thus happily been made for the amicable termination of a long-standing and difficult controversy, at a time when, in consequence of the union of British Columbia with the Dominion, this boundary question has become matter of interest to the whole Confederation of British Provinces.

I have thus gone through those parts of the Treaty which immediately touch the Dominion, but a question of much moment remains as to the course which should be taken during the present fishing season, pending the enactment by the respective Legislatures of the laws necessary to bring the fishery articles into operation.

I find that on the conclusion of the Reciprocity Treaty in June, 1854, and previous to its ratification, the then American Secretary of State, Mr. Marcy, expressed the hope of his Government that American fishermen would not be molested if they should at once attempt to use the privileges granted by that Treaty. A Despatch was therefore addressed to the Governors of the North American colonies, recommending that the wish of the United States' Government should be acceded to, and that the American fishermen should be immediately admitted to the Colonial fisheries. The result was that the various Colonial Governments at once admitted the American fishermen to the fisheries, although the legislative acts necessary to give effect to the Treaty were not passed till late in the autumn. It is evidently most desirable that a similar course should be pursued on the present occasion; and you will perceive from the Notes which have