

It is not for us to criticise in any way the manner in which the United States choose to impose their duties. We merely mention these things to remind you of the disadvantageous position Canada occupies in her transactions with the Republic, in comparison with that of other countries, whose transactions are not to be compared in extent or profit with those of the British provinces.

When, with all these facts before them, Her Majesty's Advisers invite the Government of the United States to reconsider the whole commercial relations of the Republic and the Dominion, with a view of placing them on a friendly and durable basis of reciprocal advantage, the question naturally presents itself, how it comes that, having prospered so well since the repeal of the Reciprocity Treaty of 1854, Canada now seeks for its restoration. The answer is as natural as the question. The population of the United States is 40,000,000, and that of the Dominion is but 4,000,000. The boundary between them is, for the most part, but a surveyor's line often unknown even to those who live beside it; and it is of the utmost importance to Canada that common interests and mutual good will should exist between the countries. And what so conducive to this end as commercial intercourse, generously carried on and mutually profitable? The people of Canada are not ignorant that a market near at hand is better than a distant one; and, good as their present markets are, they would gladly have the old one in addition. They comprehend the barrier that Custom-house restrictions throw in the way even of the existing traffic; and they seek to have these withdrawn. They are proud of their own St. Lawrence route, and intend to improve it to the uttermost for the benefit of the great West and their own; but would gladly use the ocean ports and other channels of commerce of the Republic, when freights and fares and friendly reciprocity draw them in that direction. And very great as have been the advantages always accruing to the United States from reciprocity, the Canadians can find only cause of hearty rejoicing at that, so long as they themselves continue to enjoy that moderate degree of prosperity with which Providence has blest them. There is no mystery or *arrière-pensée*, in their desire that the commercial relations of the Republic and the Dominion should be placed on the most kindly and unfettered and mutually advantageous basis consistent with their respective existing obligations, and with that connection with Great Britain which the Dominion so happily enjoys.

It was with these views and in this spirit that the Canadian Administration availed itself of the opportunity presented by the XXIInd Article of the Treaty of Washington to represent to Her Majesty's Government the advantage that would accrue to both countries by the substitution of a satisfactory Commercial Treaty in lieu of the money compensation to be paid (under arbitration) by the 'United States for twelve years' enjoyment of the coast fisheries of the Dominion. It was felt that if the large value placed by the Canadian people on their fisheries were not reasonably compensated by the results of the arbitration, a feeling of dissatisfaction might be engendered in the provinces, not conducive to international harmony; and that if, on the other hand, an award were made equal to the confident anticipations of the provinces, the good feeling restored in the United States by the Treaty of Washington might be sensibly impaired. To merge the matter in a general measure of mutual commercial concession, for the mutual advantage of both parties, and with injury or injustice to neither, seemed the fitting conclusion to be arrived at by the Governments of two great nations.

Her Majesty's Ministers were pleased to adopt the suggestion of the Canadian Government, and the matter having been brought under the attention of the Secretary of State, and through you, Sir, to the notice of the President of the United States, a friendly response was at once received, and the necessary measures instituted for opening formal negotiations.

In the interview which we had the honour to be favoured with by you at the State Department on the 28th March, we stated to you that Her Majesty's Government was prepared to accept a renewal of the Reciprocity Treaty of 1854 as a substitute for the arbitration provision of the Washington Treaty, in reference to the Canadian Coast Fisheries.

You, thereupon, suggested an enlargement of the scope of the Treaty, and we asked in what manner you would propose to enlarge it.

You replied that you had no proposition to make, but that you suggested, as topics for discussion—the enlargement of the Canadian Canals, so as to facilitate the transportation of the products of the great Western States to the Atlantic seaboard; and also the addition of certain classes of manufactures to the free list of the old Treaty.

We then stated that we were prepared to enter into an agreement for the enlargement of the Canadian canals.