

You are aware that from 1854 until 1866 a Treaty was in existence between the two countries, providing for the free interchange of *natural* products, which was admitted to have been highly beneficial to the people of both countries. This was terminated by the Government of the Republic, not so much because it was less advantageous to her than to Canada, but because the Government desired to mark in this way its disapproval of the sympathy which, it was supposed, she had extended to the people of your Southern States during the time of the rebellion.

You may form an idea of the effect this Treaty had on the trade of the two countries when I state that in the eight years from 1846 to 1853, the aggregate interchange of products and commodities was about fourteen millions annually; while in the first year of the Treaty it rose to nearly thirty-three and a half millions; to nearly forty-three millions during the second year; to over fifty millions in the third year; and to no less a sum than eighty-four millions (of which fifty millions were free goods going into the States) during the last year of its existence; and the balance of trade during the whole period was in favor of the United States to the extent of about thirty million dollars, or a yearly average of about eight and a half millions. That the prosperity of both countries was greatly enhanced by this increase in the volume of trade is evidenced by the immediate effect which its abrogation produced upon them.

During its existence the industry of Canada had been largely directed to the supply of the United States market with products for home consumption; and on your markets being closed to us, the annual exports of Canada fell during the next three years, from about seventy-five millions to about fifty-seven millions; and the effect upon the whole commerce of the United States was, in like manner, depressing, inasmuch as you thereafter ceased to have the handling of our surplus natural products on their way to the various markets of the world, which, at the port of Boston alone, exceeded twenty-seven millions annually, consisting chiefly of wool, grain, animals, and the products of our fisheries.

In spite of the restrictions placed upon the commerce between the two countries by the imposition of duties the balance of trade has, since the abrogation of the Reciprocity Treaty, been in favor of the United States to the extent of from two and a half millions to seven millions annually; and since 1850, of a total aggregate of trade between the two countries of 2,440,282,259 dollars, there has been a balance