

Enclosure in No. 10.

CANADA.

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COPY of a REPORT of a COMMITTEE of the HONOURABLE the PRIVY COUNCIL, approved by
His Excellency the GOVERNOR-GENERAL on the 20th January, 1872.

The Committee of the Privy Council have had under their consideration the Earl of Kimberley's Despatch to your Excellency, dated the 23rd of November, 1871, on the subject of the Report of the Privy Council, dated the 28th July, and transmitted in your Excellency's Despatch of 15th of August. The object of that Report was to explain to Her Majesty's Government that much dissatisfaction prevailed in Canada owing to the absence of all provision in the Treaty of Washington for the settlement of the losses incurred by Canada in consequence of the raids of citizens of the United States on British territory, and also owing to the cession of the Canadian fisheries for an inadequate consideration.

The Committee of Council were aware from the Earl of Kimberley's Despatch of the 17th June, 1871, that Her Majesty's Government were very desirous that the Acts necessary to give effect to the fishery clauses of the Treaty of Washington should be passed by the Canadian Parliament, and they had hoped that some proposition might be made by Her Majesty's Government in reply to their Report that would enable them to propose such measures with a fair prospect of success. In the Earl of Kimberley's Despatch to your Excellency, dated 23rd of November, no reference whatever is made to the subject of the Fenian raids; and with regard to the fishery clauses of the Treaty, the only inference to be drawn from the Despatch is that the objections raised by the Committee of Council are of very little weight.

The Committee of Council readily admit that further controversial discussion on the points on which differences of opinion unfortunately exist between the two Governments would be unprofitable.

It is, however, due to both Her Majesty's Government and to themselves that they should frankly explain to the former the conclusion at which they have arrived on the two questions discussed in their Report of the 28th of July last.

They maintain that Canada has a just claim to compensation for the expenses incurred in consequence of the Fenian raids.

It seems unnecessary to support this opinion by further argument.

Although the Committee of Council deem it unnecessary to dwell on the objections which they entertain to the fishery clauses in the Treaty, they desire to offer an explanation with reference to the statement in their former Report to which the Earl of Kimberley has taken exception, and which was to the effect that Her Majesty's Government had ceded the rights of fishery for what they admitted to be an inadequate consideration.

In the course of the negotiations the United States' Commissioners had offered as an equivalent for the rights of fishery to admit Canadian coal and salt free of duty, and lumber after the 1st July, 1874.

This was deemed both by the Imperial and Canadian Governments an inadequate offer, and a counter proposition was made by the British Commissioners that lumber should be admitted free immediately, and that in consideration of the continued exclusion of cereals, live stock, and other articles admitted under the Treaty of 1854, a sum of money should be paid to Canada.

The United States' Commissioners not only refused the counter-proposition, but withdrew their former offer, substituting one which the Committee of Council infer, from the Earl of Kimberley's Despatch, was in the opinion of Her Majesty's Government, more favourable to Canada than that which had been rejected as inadequate.

Wide, however, as are the differences of opinion on this Continent regarding the Treaty, there is but one opinion on the point under consideration. It is clear that the United States preferred paying a sum of money to the concession of commercial advantages to Canada, and the Committee of Council feel assured that there is not a single member of the Canadian Parliament who would not have much preferred the rejected proposition to that which was finally adopted.

The Committee of Council cannot, with the Earl of Kimberley's Despatch before them, continue to affirm that Her Majesty's Government are of opinion that the cession of the fishery rights was made for an inadequate consideration; but they regret they are themselves of a different opinion.

While still adhering to their expressed opinions as to the Fishery Articles of the Treaty of Washington, they are yet most anxious to meet the views of Her Majesty's Government, and to be placed in a position to propose the necessary legislative measures, and they will therefore proceed to make a suggestion which they earnestly hope may receive a favourable response. The adoption of the principle of a money payment in satisfaction of the expenses incurred by the Fenian raids would not only be of no assistance with reference to the Treaty, but might lead to some complications. It is not improbable that differences of opinion would arise in the discussion of the details of those claims between the two Governments which might lead to mutual dissatisfaction. Again, such a solution of the question would necessitate a discussion in the Imperial Parliament, in the course of which opinions might be expressed by members which might irritate the people of Canada, and might, moreover, encourage the Fenian leaders in the United States, who have not ceased their agitation. There is, in the opinion of the Committee of Council, a mode by which their hands might be so materially strengthened that they would be enabled not only to abandon all claims on account of the Fenian raids, but likewise to propose, with a fair prospect of success, the measures necessary to give effect to those clauses in the Treaty of Washington which require the concurrence of the Dominion Parliament.

That mode is by an Imperial guarantee to a portion of the loan which it will be necessary for Canada to raise in order to procure the construction of certain important public works, which will be highly beneficial to the United Kingdom as well as to Canada.

It is not pretended that the construction of these works is contingent on an Imperial guarantee. The credit of Canada has never stood so high in the money market as at the present time, its 5 per cent. securities being at a premium. But there is no doubt that with the Imperial guarantee a considerable saving of interest could be effected.

The Committee of Council feel assured that Her Majesty's Government will recognize the scrupulous