

that Republic and the British Empire, that it must be a source of satisfaction to the Canadian Government that Her Majesty has been able to conclude a Treaty for the amicable settlement of differences which might have seriously endangered the good understanding between the two countries.

Moreover the rules laid down in Article 6 as to the international duties of neutral Governments are of special importance to the Dominion, which carries on such an extensive and increasing maritime commerce, and possesses such a considerable merchant navy.

But independently of the advantages which Canada must derive from the removal of the causes of difference with the United States, arising out of occurrences during the civil war, Her Majesty's Government believe that the settlement which has been arrived at of the questions directly affecting British North America cannot fail to be beneficial to the Dominion. I need not refer to the well-known history of the Fishery Question further than to observe that ever since the termination by the British Government, in consequence of the war of 1812, of the liberty enjoyed under the Treaty of 1783 by American citizens of fishing in the territorial waters of the British Colonies, and the renunciation by the United States in the Treaty of 1818 of all claim to that liberty, this question has, in different forms, been the subject of controversy with the United States. Her Majesty's Government have always contended for the rights of the Colonies, and they have employed the British naval forces in the protection of the colonial fisheries; but they could not overlook the angry feelings to which this controversy has given rise, and the constant risk that in the enforcement of the exclusion of American fishermen from the colonial waters a collision might take place which might lead to the most serious consequences, and they would have been wanting in their duty if they had not availed themselves of the opportunity presented by the late negotiation to remove a cause of perpetual irritation and danger to the relations of this country and the Dominion with the United States.

The Canadian Government itself took the initiative in suggesting that a joint British and American Commission should be appointed with a view to settle the disputes which had arisen as to the interpretation of the Treaty of 1818; but it was certain that however desirable it might be, in default of any complete settlement, to appoint such a Commission, the causes of the difficulty lay deeper than any question of interpretation, and the mere discussion of such points as the correct definition of bays could not lead to a really friendly agreement with the United States. It was necessary, therefore, to endeavour to find an equivalent which the United States might be willing to give in return for the fishery privileges, and which Great Britain, having regard both to Imperial and Colonial interests, could properly accept. Her Majesty's Government are well aware that the arrangement which would have been most agreeable to Canada was the conclusion of a Treaty similar to the Reciprocity Treaty of 1854, and a proposal to this effect was pressed upon the United States' Commissioners, as you will find in the 36th Protocol of the Conferences. This proposal was, however, declined, the United States' Commissioners stating "that they could hold out no hope that the Congress of the United States would give its consent to such a tariff arrangement as was proposed, or to any extended plan of reciprocal free admission of the products of the two countries." The United States' Commissioners did, indeed, propose that coal, salt, and fish should be reciprocally admitted free, and lumber after the 1st of July, 1874; but it is evident that, looked at as a tariff arrangement, this was a most inadequate offer, as will be seen at once when it is compared with the long list of articles admitted free under the Reciprocity Treaty. Moreover, it is obvious from the frank avowal of the United States' Commissioners that they only made this offer because one branch of Congress had recently, more than once, expressed itself in favour of the abolition of duties on coal and salt, and because Congress had partially removed the duty from lumber, and the tendency of legislation in the United States was towards the reduction of taxation and of duties, so that to have ceded the fishery rights in return for these concessions would have been to exchange them for commercial arrangements which there is reason to believe may, before long, be made without any such cession, to the mutual advantage of both the Dominion and the United States; and Her Majesty's Government are bound to add that whilst, in deference to the strong wishes of the Dominion Government, they used their best efforts to obtain a renewal in principle of the Reciprocity Treaty, they are convinced that the establishment of free-trade between the Dominion and the United States is not likely to be promoted by making admission to the fisheries dependent upon the conclusion of such a Treaty, and that the repeal by Congress of duties upon Canadian produce on the ground that a protective tariff is injurious to the country which imposes it, would place the commercial relations of the two countries on a far more secure and lasting basis than the stipulations