

PRIZE ESSAYS.

THE RECIPROCITY TREATY:

ITS ADVANTAGES TO THE UNITED STATES
AND TO CANADA.

THE AWARD.

MONTHLY, July 6th, 1865

Gentlemen

We have examined the Essays—twelve in number—placed in our hands, as having been called forth by your offer of prizes for the two best Essays on "Reciprocity—its advantages to the United States and to Canada;" and we accord the first prize to the Author of the Essay marked F. S. S., and the second prize to the Author of the Essay bearing the motto "Let Commerce flourish."

Several other Essays possess considerable merit and are, in our opinion, worthy of publication.

We are, your very obedient servants,

J. H. HOLTEN,
ROBERT ESPAILLE,
PETER RILPETH

Messrs. W. B. CORDIER & Co.

Proprietors, *Trade Review*

In reference to the above we beg to state that the writer of the Essay marked F. S. S. (first prize) is Arthur Harvey, Esq., Quebec, and the writer of the Essay bearing the motto "Let Commerce flourish" is James Young, Esq., of Galt, C.W.

W. B. CORDIER & Co.

FIRST PRIZE ESSAY.

By ARTHUR HARVEY, Esq., *Editor of the Statistical Society of London Eng. Statistical Chart Finance Department, Quebec*

FOR many years after the United States had established their independence, their trade with the colonies which continued to own allegiance to the British Crown was subject to most galling restrictions. Partial relief was afforded by the convention negotiated in 1783, by Mr. McLane, President Jackson's Minister at the Court of St. James; and a further step towards freedom in commerce was taken in 1846, when the American Government secured the enactment of a drawback law. The beneficial results of these measures led to the introduction into Congress, in 1848, of a Bill for Reciprocal Free Trade with Canada in certain articles. It failed to become law, but attention having been thus directed to the subject, the Senate, in 1851, requested the Secretary of the Treasury to communicate to all the information he could gather relating to the commerce of the Provinces with the States. Mr. Corwin selected Mr. Andrews to collect and tabulate the statistics bearing on this trade, and that gentleman's report, transmitted to the Senate in August, 1852, had a most important influence on the subsequent action of the British and American Governments and Legislatures.

Mr. Andrews reported:

"That the free navigation of the St. Lawrence was greatly desired by all those Western States bordering on the great Lakes, as their natural outlet to the sea."

"That the free navigation of the St. John would be of great advantage to the extensive lumber interest in the North Eastern portion of the Union, and that the repeal of the New Brunswick export duty on American lumber floated down that river would be an act of justice to the lumbermen of that quarter, upon whom it presses severely."

"That without a free participation in the fisheries near the shores of the Colonies, the American deep-sea fisheries in that region would become valueless."

"That it would be wise to place the border trade between the United States and the Colonies on a different basis, and under the influence of a higher principle, so as to mature and perfect a complete system of mutual exchanges between the different sections of the vast continent—an achievement not only wise and advantageous, but worthy of the high civilization of the country."

After much correspondence between the Governments interested, and many debates in the American and Colonial Legislatures, in which some opposition to freedom of Trade was shown by the Pennsylvania manufacturers and the Maine lumber interest, and much opposition to admit Americans to the coast fisheries was displayed by the Maritime Provinces, the British Government gave the Earl of Elgin full powers

to negotiate a Treaty in accordance with these views, and Mr. W. L. Marcy being named plenipotentiary by the President of the United States, the Reciprocity Treaty was drawn up. (a) It was "done in triplicate at Washington on the 6th of June, 1854." It went into effect in Canada on the 18th October, and was put into full operation in the States by the President's Proclamation of March 16th, 1855.

For several years afterwards, nothing but satisfaction was expressed at the working of the new arrangements, but when the fiscal necessities of Canada rendered an increase in its revenue necessary, and heavier duties were levied on manufactured goods, the frontier towns of New York State, whose exports of such articles began to decline, complained that the spirit if not the letter of the Treaty was being broken. Each successive increase in the Canadian tariff was made the pretext for renewed complaints. The American Government began to act less liberally than they were wont towards Canadian merchants. Heavy consular fees began to be exacted on imports from Canada. Proof began to be demanded, that our exports of grain were "the growth and produce of Canada," and much of the carrying trade we had begun to enjoy was thus cut off. The Legislature of the State of New York reported that the action of the Canadian Government was unfair, and requested its representatives in Congress to protect the interests of the Republic from the "unjust and unequal system" said to prevail. And although this statement was ably answered by Mr. Taylor and the Chamber of Commerce of St. Paul, Minnesota, (b) and refuted by Hon. Mr. Galt, (c) the,

(a) The Reciprocity Treaty consists of seven articles:

Article I gives to the inhabitants of the United States, in common with the subjects of Her Britannic Majesty, the liberty to take fish, of every kind except shell fish, on the sea coasts and shores, and in the bays, harbours and creeks of the British North American Provinces.

Article II gives similar privileges to British subjects in American waters.

Article III stipulates that the following articles, being the growth and produce of the British Colonies or the United States, shall be admitted into each country, respectively, free of duty:

Corn, Flour and Bread-stuffs of all kinds; Animals of all kinds; Fish, smoked and salted meats; Cotton wool, seeds and vegetables; Undried fruits, dried fruits; Fish of all kinds; Products of fish, and all other creatures living in the water; Poultry and eggs; Hides, furs, skins or tails, undressed; Stone or marble in its crude or unwrought state; Slate; Butter, cheese, tallow; Lard, horns, manures; Ores of metals of all kinds; Coal, pitch, tar, turpentine, ashes; Lumber of all kinds: round, hewed, sawed, unmanufactured in whole or in part; Firewood, plants, shrubs and trees; Pelts, wool, Fish oil, Rice brooms, corn and bark; Gypsum, ground or unground; Hewn or wrought or unwrought burl or grindstones; Dye stuffs; Flax, hemp and tow, unmanufactured; Unmanufactured tobacco; Hags.

Article IV extends to the inhabitants of the United States the right to navigate the River St. Lawrence and the canals in Canada, used as the means of communicating between the Great Lakes and the Atlantic Ocean, with their vessels, boats and crafts, as freely as the subjects of Her Majesty. It also gives to British subjects the right freely to navigate Lake Michigan. By this article the Government of the United States engages to urge upon the State governments to secure to the subjects of Her Britannic Majesty the use of the several State canals, on terms of equality with the inhabitants of the United States. It also stipulates that no export duties shall be levied on lumber cut on American territory, floated down the St. John and exported from New Brunswick.

Article V states that the treaty is to continue in force for ten years from the time of its going into effect, after which it shall terminate on either party's giving one year's notice.

Article VI provides for the extension of the Treaty to Newfoundland, and

Article VII makes the arrangements for its mutual ratification.

(b) "We venture the further statement that all parties to this Treaty have hitherto observed its stipulations in good faith. The Americans possess and enjoy their enlarged rights in the British fisheries of the North-Eastern coast, and the free navigation of the St. Lawrence, neither Government has interrupted the exchanges of the free list prescribed by the third Article, while upon a subject purposely excluded from the provisions of the Treaty, viz the Tariffs of the United States and the adjacent Provinces in respect to articles of manufacture and foreign productions there is no legitimate ground of complaint in any quarter. Prior to 1861, the duties by the Canadian Tariff were considerably enlarged after 1861, but recently the American scale of duties has been advanced in a still greater proportion. In both cases the changes have been enforced by financial necessity, and do not conflict with the Treaty of 1854."—Memorial of the Chamber of Commerce, St. Paul, Minn., January 17th, 1862.

(c) "To allege that the policy of this Government has been so unwisely to damage our neighbours is an

as now, Finance Minister of Canada, who pronounced it "unjustifiable." A resolution introduced into Congress, by Mr. Ward in December, 1863, was carried, and the President was authorized to suspend the existing Treaty, and appoint Commissioners to negotiate a new one. Notice was accordingly given in London on the 17th March, 1865, and information thereof reached the Governor General at Quebec on the 3rd April.

It is perhaps allowable here to take a rapid survey of the regions most interested in the Treaty, which are, *firstly*, those beside the Lakes, their natural outlet by the St. Lawrence, and their official one by the Hudson; and *secondly*, the North-Eastern States and Provinces.

The basin of the Lakes has, for the last two decades, presented a spectacle of material progress unexampled in the history of the world. Cities whose very names were not marked on the maps from which, as school boys, we learned geography, now count their population by tens of thousands, and the Atlantic seaport, to which their trade converges, already boasts of far more than a million of souls. (b) Nor have the rural districts, admirably adapted by soil and climate for the support of a dense population, lagged behind. They have attracted an unprecedented tide of immigration, and on looking at the census, (c) it would seem that a region must have been in some way connected with the Lakes to maintain its relative position amongst the States and Provinces of this Northern continent. (d) The value of real estate and personal property in Wisconsin, Michigan, Illinois, Indiana, Ohio, Pennsylvania,

"injurious imputation which was scarcely to be expected from the representatives of a nation whose commercial policy is itself so exclusively national and restrictive." "If complaint can justly be made of the infraction of the spirit, and, it may be added, letter of the Treaty, it rests with Canada to be the complainant." "It is a subject of deep regret to the undersigned that the Committee on Commerce should have framed their report and recommendations in a spirit of accusation and complaint, rather than upon a correct appreciation of mutual advantages in the past indicating further progress in the same direction in the future."—Report of Mr. Galt, March 17th, 1862.

(a) *Be it Resolved* by the Senate and House of representatives, &c.,

"That the President of the United States be, and he is hereby authorized, by and with the advice and consent of the Senate, to appoint three Commissioners, to confer with persons duly authorized by Great Britain in that behalf, to negotiate a new Treaty, based upon the true principles of Reciprocity between the two Governments and the people of both countries, with the view of enlarging the basis of the present Treaty, and for the removal of existing difficulties."—Proceedings of House of Representatives, December 14th, 1863.

(b) The increase between the last two census-takings of the chief cities on the Lakes and their outlets, is as follows:

	1850	1860	1865
Milwaukee	20,061	45,246	70,000
Chicago	23,963	109,260	180,000
Detroit	21,019	45,619	60,000
Buffalo	42,261	81,129	100,000
Rochester	36,403	48,204	60,000
New York and Brooklyn	612,385	1,072,312	1,250,000
	1850	1861	
Hamilton	14,112	19,096	25,000
Toronto	30,775	44,821	60,000
Kingston	11,585	13,743	15,000
Montreal and suburbs	10,000	101,602	120,000

—From Census of United States and Canada. Estimates, from Reports of Boards of Trade, &c.

(c) The population of these States and of Canada is thus given in the official census reports:

	1850	1860	1865
Wisconsin	36,331	775,851	1,000,000
Michigan	387,654	749,113	900,000
Illinois	851,470	1,711,361	2,000,000
Indiana	988,416	1,350,428	1,600,000
Ohio	1,860,329	2,350,562	2,600,000
Pennsylvania	2,311,786	2,906,115	3,000,000
New York	3,167,301	3,890,735	4,250,000
	1850	1861	
Canada	1,842,265	2,507,657	2,900,000

To these should, perhaps, be added
Minnesota 6,577 172,023 250,000
Iowa 192,214 674,913 800,000

(d) All the States did indeed increase absolutely between 1850 and 1860, but not in the same relative proportion. An interesting table, published in Mr. Kennedy's report on the census, page 120, shows that New York, Pennsylvania and Ohio, remained in their proud position at the head of the list; that Illinois advanced from the 11th to the 4th, Indiana from 7th to 6th; Wisconsin from 24th to 15th, Michigan from 20th to 16th. But even energetic Georgia lost two places and became eleventh; Virginia declined from 4th to 5th; Massachusetts from 6th to 7th, and Kentucky, Pennsylvania, &c., lost caste in comparison with their North-Western sister States.