

MR. DERBY'S REPORT.

Early in 1866, Mr. E. H. Derby made a report to Honorable Hugh McCulloch, Secretary of the Treasury, in which he discussed the Reciprocity Treaty. The general view he took may be gathered from a few extracts.

"We have thus taken a brief but comprehensive glance at the inland commerce with Canada, the trade with the Maritime Provinces and the fisheries; and the question recurs: 'What is to be done?' Are we to go back, with contiguous and growing provinces, more populous than the United States in 1783, to a system of retaliation and restricted commerce, to ports closed as they were before 1830, except during the embargo, when England opened them? Are we to come to blows with her for rights won by the sword in the war of the revolution, which improvident Commissioners have impaired or put in jeopardy? Shall we make a treaty? We must either risk our mackerel fishery, treat, or annex the Provinces. We may not be ready for the latter and can offer more inducements and attractions at a future day, but we are in a strong position to negotiate. Shall we try negotiations, or duties restrictive of commerce? Lord North tried restrictions and coercion, and they cost him the Colonies. Let us pursue a different policy. Let us treat the Provinces as friends and patrons, as valuable customers, and if they join us let them come as friends.

"Thus far the Provinces, and more especially Canada, have found reciprocity teeming with benefits. It is to them eminently beneficial; without it their agriculture and commerce must languish and their lumber, coal, fish, and railroads probably decline in value. We can properly demand, and it seems to me they must and will grant terms that will satisfy this country."

On the whole, though falling in with the erroneous notions prevalent at that day respecting the inability of the British North American Provinces to prosper and make progress without the aid derived from a Reciprocity Treaty, Mr. Derby presents the case fairly enough, so much so indeed as to be repudiated by one member of the United States House Committee on Ways and Means in the course of the conference now to be mentioned.

CONFERENCE IN WASHINGTON.

In January, 1866, two months before the time fixed for the abrogation of the Treaty, Honorable Messrs. Galt and Howland, representing the Provinces of Canada; Henry, representing Nova Scotia; and Smith, representing New Brunswick, met the United States House of Representative Committee of Ways and Means, for the purpose of discussing the subject of Reciprocal Trade. The subject was discussed in several meetings, the general purport of which will be gathered from the report of the Colonial delegates to His Excellency, Sir Frederick Bruce, K.C.B., &c., British Ambassador at Washington.

"WASHINGTON, 7th February, 1866.

"SIR,—We have the honor to inform Your Excellency that our negotiations for the renewal of reciprocity trade with the United States