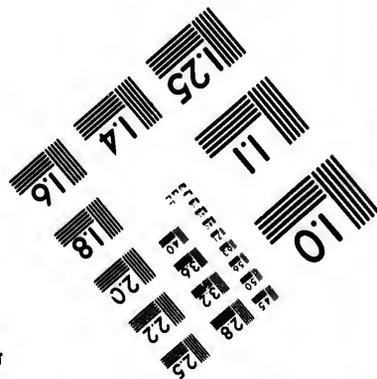
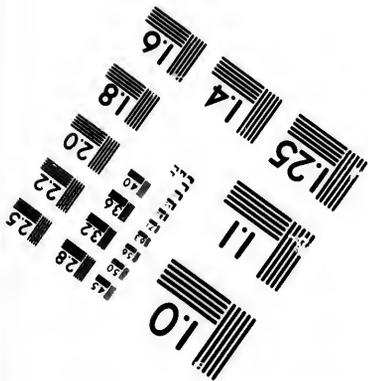
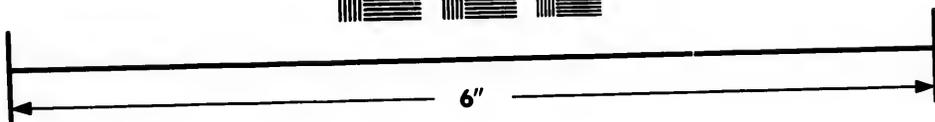
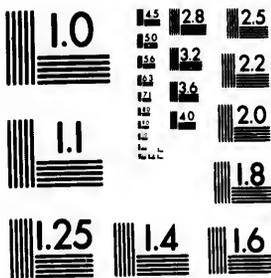


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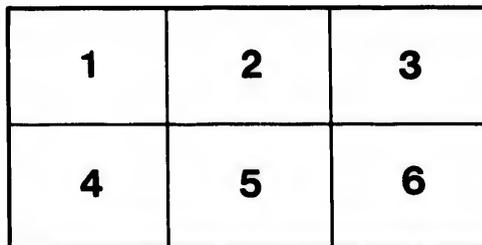
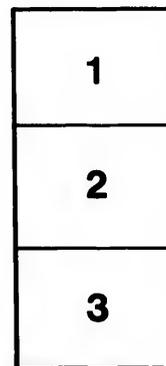
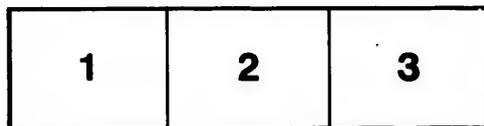
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FIRST PRIZE ESSAY.

THE
RECIPROCITY TREATY:

ITS ADVANTAGES
TO THE UNITED STATES AND TO CANADA.

By ARTHUR HARVEY, Esq.,
FELLOW OF THE STATISTICAL SOCIETY OF LONDON, ENGLAND; STATISTICAL
CLERK, FINANCE DEPARTMENT, QUEBEC.

THIRD EDITION.

QUEBEC:
PRINTED BY HUNTER, ROSE & CO., ST. URSULE STREET.
• 1865.

1865

(41)

MONTREAL, 6th July, 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 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,

L. H. HOLTON,
ROBERT ESDAILE,
PETER REDPATH.

Messrs. W. B. CORDIER & Co.,
Proprietors *Trade Review*.

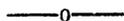
In reference to the above we beg to state that the writer of the Essay marked F.S.S. (first prize) is Arthur Harvey, Esq., Quebec. * * * * *

W. B. CORDIER & Co.

(The figures in the notes have been brought down to the end of the fiscal year—June 30th, 1865.)

THE RECIPROCITY TREATY :

ITS ADVANTAGES TO THE UNITED STATES AND TO CANADA.



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 1830, 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 it 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 but an act of justice to the lumbermen of that quarter, upon whom it pressed 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 this 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 having been named plenipotentiary by the President of the United States, the Reciprocity Treaty was drawn up. (a) It was “done in triplicate at Washington, on

(a) The Reciprocity Treaty consists of seven articles :

Article I gives 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 :

Grain, Flour and Breadstuffs 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 ; Timber and lumber of all kinds, round,

the 5th 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

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 nuground; Hewn, or wrought or unwrought burr or grindstones; Dye stuffs; Flax, hemp and tow, unmanufactured; Unmanufactured tobacco; Rags.

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.

the Chamber of Commerce of St. Paul, Minnesota, (a) and refuted by Hon. Mr. Galt, (b) then, as now, Finance Minister of Canada, who pronounced it "unjustifiable," a resolution introduced into Congress, in January 1865, was carried and the President was enjoined to suspend the existing Treaty (c). Notice was accordingly given in London on the 17th March, 1865, and information thereof reached the Governor General at Quebec on the 3rd April.

(a) "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 1854; 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., Jan. 17th, 1862.

(b) "To allege that the policy of this Government has been avowedly to damage our neighbors is an 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 inducing further progress in the same direction in the future."—Report of Mr. Galt, March 17th, 1862.

(c) In Congress, January 18th, 1865, Joint Resolution:—

"Whereas it is provided in the Reciprocity Treaty concluded at Washington, the 5th of June, 1854, between the United States, of the one part, and the United Kingdom of Great Britain and Ireland, of the other part, that this treaty 'shall remain in force for ten years from the date at which it may come into operation, and further until the expiration of twelve months after either of the high contracting parties shall give notice to the other of its wish to terminate the same,' and whereas it appears by a proclamation of the President of the United States, bearing date sixteenth March, 1855, that the treaty came into operation on that day; and whereas, further, it is no longer for the interests of the United States to continue the same in force: Therefore,

Resolved by the Senate and House of Representatives, &c.:—"That notice be given of the termination of the Reciprocity Treaty, according to the provisions therein contained for the termination of the same, and the President of the United States is hereby charged with the communication of such notice to the Government of the United Kingdom of Great Britain and Ireland."—Approved, January 18th, 1865.

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 artificial 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 (*a*). 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 (*b*) it would seem that a region must have

(*a*) The increase between the last two census of the chief cities on the Lakes and their outlets is as follows:—

	POPULATION.		ESTIMATED.
	1850.	1860.	1865.
Milwaukee.....	20,061	45,246	70,000
Chicago.....	29,963	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
	1852.	1861.	
Hamilton.....	14,112	19,096	25,000
Toronto.....	30,775	44,821	50,000
Kingston.....	11,585	13,743	15,000
Montreal and suburbs.....	60,000	101,602	120,000
—From Census of United States and Canada. Estimates, from Reports of Boards of Trade, &c.			

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

	POPULATION.		ESTIMATED.
	1850.	1860.	1865.
Wisconsin.....	305,391	775,881	1,000,000
Michigan.....	397,654	749,113	900,000
Illinois.....	851,470	1,711,951	2,000,000
Indiana.....	988,416	1,350,428	1,500,000
Ohio.....	1,980,329	2,339,502	2,500,000
Pennsylvania.....	2,311,786	2,906,115	3,000,000
New York.....	3,097,394	3,880,735	4,250,000
	1852.	1861.	
Canada.....	1,842,265	2,507,657	2,900,000
To these should, perhaps, be added:			
Minnesota.....	6,077	172,023	250,000
Iowa.....	192,214	674,913	800,000

been in some way connected with the Lakes to maintain its relative position amongst the States and Provinces of this Northern continent (a). The value of real estate and personal property in Wisconsin, Michigan, Illinois, Indiana, Ohio, Pennsylvania, New York and Canada, increased from \$3,000,000,000 in 1850, to nearly \$7,000,000,000 in 1860 (b):

(a) 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.

(b) Value of Real Estate as given in the census returns:—

	1850.	1860.
Wisconsin	\$42,056,595	\$273,671,668
Michigan	59,787,255	257,163,983
Illinois	156,265,006	871,860,282
Indiana	202,650,264	528,835,371
Ohio	504,726,120	1,193,898,422
Pennsylvania	722,486,120	1,416,501,818
New York	1,080,309,216	1,843,333,517
Canada	300,000,000	550,000,000
	<u>\$3,068,280,576</u>	<u>\$6,935,270,061</u>

(The census of Canada gives the value of farms only, viz.:—

1852	\$263,516,192
1861	466,675,384

An addition has been made for city property and personal estate.)

The increase in lands improved was as follows:—

	1850.	1860.
Wisconsin, acres	1,045,499	3,746,036
Michigan	1,929,110	3,419,861
Illinois	5,039,545	13,251,473
Indiana	5,046,543	8,161,717
Ohio	9,851,493	12,665,587
Pennsylvania	8,623,619	10,463,306
New York	12,408,964	14,376,397
Canada	7,307,950	10,855,854
	<u>51,252,723</u>	<u>76,940,231</u>
		<u>51,252,723</u>

Increase in ten years, acres 25,687,508

The increase in agricultural productions is shown by the following table, of which the details are interesting, since they prove that New York and Pennsylvania grow less wheat than formerly, and depend more on other regions for sustenance.

The improved lands increased from 51,000,000 acres to 77,000,000, and the grain raised shows a similar increase, viz :

	1850.	1860.
Wheat grown, bus. (a).....	83,500,000	127,000,000
Corn " "	217,000,000	326,000,000
Oats " "	104,000,000	152,000,000

(a) WHEAT GROWN—	1850.	1860.
Illinois, bushels	9,414,575	24,159,500
Indiana, "	6,214,458	15,219,120
Michigan, "	4,925,889	8,313,185
New York, "	13,121,498	8,681,100
Pennsylvania "	15,367,691	13,045,231
Wisconsin, "	4,286,131	15,812,625
Ohio, "	14,487,351	14,532,570
Canada, "	15,756,493	27,274,779
	<u>83,574,086</u>	<u>127,038,110</u>

INDIAN CORN RAISED—		
Illinois, bushels	57,646,984	115,296,779
Indiana, "	52,964,363	69,641,591
Michigan, "	5,641,420	12,152,110
New York, "	17,858,400	20,061,048
Pennsylvania, "	19,835,214	28,196,821
Wisconsin, "	1,988,979	7,565,290
Ohio, "	59,078,695	70,637,149
Canada, "	2,090,094	2,591,151
	<u>217,104,149</u>	<u>326,141,930</u>

OATS GROWN—		
Illinois, bushels	10,087,241	15,336,072
Indiana, "	5,655,014	5,028,755
Michigan, "	2,866,056	4,073,098
New York, "	26,552,814	35,175,133
Pennsylvania, "	21,538,156	27,287,149
Wisconsin, "	3,414,672	11,059,270
Ohio, "	13,472,742	15,479,133
Canada "	20,369,247	38,772,170
	<u>103,955,942</u>	<u>152,310,780</u>

Nor did the progress of the States stop even when the Rebellion began. Lorin Blodget, in a remarkable pamphlet on "the Commercial and Financial Strength of the United States," 1864, shows that the "quantities handled" in 1863 were "more than thirty per cent. over the quantities of 1860," and gives the following table of "Domestic Exports of the Loyal States":

In 1859-60.....	\$173,759,664
1860-61.....	201,651,554
1861-62.....	213,069,519
1862-63.....	305,884,998

He adds, "we have a right to claim that almost the entire advance

The railroads which now traverse these countries in every direction have sprung into existence as if by magic. In 1850 there were but 3,500 miles completed; in 1860 there were 17,000 (a). The tonnage of the lakes, which was but 215,787 tons in 1850, was 450,000 tons in 1862, (b). As might naturally be expected from such an increase in the means of transportation, the commerce of the Lake region has increased in proportion. To give one item only. The movement of grain eastward, which was about 26,000,000 bus. in 1850, reached the enormous amount of 137,772,441 bus. in 1862, (c) and 138,798,074 bus. in 1863.

in value from 1860 to the close of June, 1863, was a legitimate and reasonable increase, caused by no inflation or depreciation of the currency.

Compare the address of the Illinois delegates to the Governor General of Canada: "With *one-tenth* of the arable surface under cultivation, the product of Wheat of the North-western States in 1862 is estimated at 150,000,000 bus., and of Indian Corn at 500,000,000 bus."

(a) Railroads in the Lake States and Canada :—

	1850.	1860.
New York, miles.....	1,403	2,702
Pennsylvania, ".....	822	2,542
Ohio, ".....	575	2,992
Indiana, ".....	228	2,126
Michigan ".....	342	799
Illinois, ".....	110	2,368
Wisconsin, ".....	20	922
Canada, ".....	12	1,974
	3,512	16,932
Cost of same.....	\$132,220,000	\$723,579,641

(b) Tonnage of 1850, from Andrews' Report, page 52. That of 1862 from Report Chicago Board of Trade, 1863, p. 59. The nationality of the craft was :—

American, tons.....	361,997	Value.....	\$11,364,100
Canadian, ".....	88,896	".....	2,607,500
	450,893		\$13,971,600

(c) The amount of grain sent eastward depends much on the abundance of the harvest. We have no figures for the period between 1850 and 1856, but the following table shows the quantity sent eastward in each year, excepting those in that interval—(Flour converted into Grain included) :—

1850, bushels.....	26,000,000
1856, ".....	57,707,769
1857, ".....	44,111,299
1858, ".....	58,872,566
1859, ".....	44,354,225
1860, ".....	78,639,426
1861, ".....	120,741,851

This wonderful progress is not to be attributed to any one cause: the exodus from Ireland, Germany, and Norway, the adoption of a Free Trade policy by England, the expenditure of about \$1,000,000,000 on railroads and canals—all these have powerfully contributed to make the lands around the lakes attractive to capitalist and laborer. But not the least among such causes, and one which especially concerns commercial men, has been the enactment of the Reciprocity Treaty and the freedom of trade which these regions have consequently enjoyed.

The Lakes and their connecting rivers have a coast line of upwards of 4000 miles—half British, half American. At numerous points Canada and the States actually indent each other. Here Canadian, there American railroads and canals offer to the joint commerce of the two countries the shortest transit, the cheapest and most rapid means of conveyance from East to West. Here

1862,	"	.....	137,772,441
1863,	"	.....	138,798,074
1864,	"	.....	100,607,384

The above figures are from a paper read by the author before the Literary and Historical Society, Quebec, supplemented as to 1863 and 1864 by those in the report of the Montreal Board of Trade, 1864, from which we take the annexed table, showing the manner in which this grain reached the Eastern States and Provinces in 1863.

Received at	Flour, brls.	Wheat, bu.	Maize, bu.	Other Grain, bu.
Western Ter. Baltimore and Ohio R. R.....	750,000	.....	.....	450,000
Western Ter. Penn. Central R. R.....	850,000	.....	.....	1,800,000
Detroit.....	1,060,026	1,774,726	338,295	681,523
Toledo.....	1,126,260	6,194,130	1,705,096	795,933
Dunkirk.....	620,230	86,905	191,035	11,789
Buffalo.....	2,978,089	21,240,348	20,086,952	8,385,945
Suspension Bridge.....	775,000	.....	.....	1,500,000
Genesee.....	1,500	85,000	.....	25,000
Oswego.....	115,292	8,785,425	2,676,367	2,364,169
Cape Vincent.....	24,236	206,856	81,698	15,730
Ogdensburgh.....	475,465	600,299	1,057,299	25,000
Montreal.....	1,193,286	5,509,142	862,544	1,413,958
Total.....	9,969,384	44,482,831	26,999,276	17,469,047

Canadian, there American markets are the best or the most convenient for the people of the neighbouring districts to buy or sell in. It has been permissible since 1855 for the inhabitants of either side of the frontier freely to use the facilities afforded by the other, and a trade has grown up which, though before Reciprocity it never exceeded \$13,000,000 per annum, now averages about \$40,000,000, surpassing what the entire foreign commerce of the States was for several years after the beginning of their government. (a)

If we now turn to the Eastward we shall see an entirely different scene. The North-eastern communities, living under a less genial sun, and possessing a less fertile soil, look to the sea for a great portion of their harvest. The value of the deep-sea fisheries of

(a) Statement of the trade of the United States with Canada :—

	Imports from Canada.	Exports to Canada.
1849		\$4,234,724
1850	\$4,285,470	5,930,821
1851	4,956,471	7,929,140
1852	4,569,969	6,717,060
1853	5,278,116	7,829,099
1854	6,721,539	17,300,706
1855	12,182,314	18,720,344
1856	17,488,197	20,883,241
1857	18,291,834	16,574,895
1858	11,581,571	17,029,254
1859	14,208,717	18,940,792
1860	18,861,673	14,083,114
1861	19,645,457	14,361,858
1862	15,253,152	12,842,504
1863	18,816,999	19,898,718

The above figures are from Mr. Chase's letter to the House of Representatives, January 28th, 1864.

It is remarkable how closely they agree with the Canadian returns. The last nine years sum up thus :—

	Imports from Canada.	Exports to Canada.
	\$145,329,914	\$153,334,720
	Exports to U. States.	Imports from U. States.
Our own returns sum up to.....	\$141,704,428	\$183,611,249

Something should be added to the Exports both from Canada and the States for "short returns," and the figures would then correspond to a nicety which almost proves their correctness, and is highly creditable to the statistical officers of both countries

Massachusetts, in 1860, * (a) was no less than \$9,300,412, of Maine and Connecticut over \$1,000,000 each, and that of the British Provinces \$8,000,000, (b). The tonnage engaged in fishing, exclusive of whaling, is not stated in the American returns, but it probably equals that of the Provinces, which is about 100,000, worth, at low estimate, \$4,000,000.

The population of these countries has not increased with great rapidity, but the trade of the States with the British Possessions has increased, under the operation of the Reciprocity Treaty, from \$8,000,000 to \$16,000,000 per annum (c).

[a] Kennedy's Preliminary Report on the Census, page 188.

Value of fish caught by United States fishermen :—

Mackerel and cod fishery, includ- ing, it appears, hake, her- ring, &c.....	} Maine..... } Massachusetts..... } Connecticut.....	\$1,050,755 2,774,204 281,189
---	--	-------------------------------------

\$4,106,148

The statistics of the fishing industry of the United States, as given in the census, are very incomplete. The total value of fish is given at \$12,925,092, which includes \$7,521,588 value of products of the whale fishery. The only other important figures relate to the mackerel, cod and herring fishery, given above.

(b) The following figures show the extent of the fishing industry of the Lower Provinces :—

Value of fish caught, (from the census tables of the several Provinces, 1860) :—

Newfoundland—seals excluded.....	\$4,440,000
Nova Scotia—cod, mackerel, herring.....	2,562,000
New Brunswick—cod, mackerel, herring, alewives and hake.....	388,235
Prince Edward Island—cod, herring and mackerel... ..	272,532
Lower Canada—(estimated).....	700,000

\$8,362,767

(c) Population of the North Eastern Atlantic States and Provinces, 1850 and 1860 :—

States—	1850.	1860.
Maine	581,913	626,952
Massachusetts.	986,450	1,221,464
Connecticut.....	363,099	451,520
New Hampshire.....	317,456	325,579
	<hr/>	<hr/>
	2,247,818	2,625,515
Provinces—		
Newfoundland.. ..	122,638	124,288
Nova Scotia.....	276,117	330,857
New Brunswick.....	193,800	252,047
Prince Edward Island.....	71,496	80,857
	<hr/>	<hr/>
	664,051	788,049

Until the passage of the Reciprocity Acts of 1854, the Americans were excluded, in terms of the Convention of 1818, from the right to fish within three miles of the sea-coast of New Brunswick, Nova Scotia, Prince Edward Island, and Canada. Neither could they legally resort to all parts of the Newfoundland shore. Since, however, mackerel can only be caught within that limit, (a) where also the best kinds of other fish are often to be found, the fishermen from the States were frequently led both clandestinely to evade and openly to defy the terms of the International agreement. When detected and caught, their vessels were often confiscated; and, just before the negotiation of the Treaty, the Imperial Government sent out a fleet of armed vessels, (L) while the Colonies

Trade of the United States with the Mairitime Provinces:—

	Imp. from them.	Exp'ts to them.
1849.....		\$3,869,543
1850.....	\$1,358,992	3,618,214
1851.....	1,736,651	4,085,783
1752.....	1,520,330	3,791,956
1853.....	2,272,602	5,311,543
1854.....	2,206,021	7,266,154
1855.....	2,954,420	9,085,676
1856.....	3,822,224	8,146,108
1857.....	3,832,462	7,637,587
1858.....	4,224,948	6,622,473
1859.....	5,518,834	9,213,832
1860.....	4,989,708	8,623,214
1861.....	4,417,476	8,383,755
1862.....	4,046,843	8,236,611
1863, [estimated].....	5,000,000	11,382,312

From the letter of the Secretary to the Treasury, January 1864.

(a) "Our fishermen cannot go through another summer without involving themselves in serious difficulties with the British Provinces. . . Not that war will ensue, unless the fishermen are quieted, but I believe there is danger of bloodshed. *There are no mackerel left on the shores of the United States, and that fishery cannot be successfully prosecuted without going within three miles of the shore, so that unless we have this privilege, to enjoy the shore fishery without annoyance, the mackerel fishery will be broken up, and that important nursery for American seamen will be destroyed.*"—Speech of the Hon. Amos Tuck, of New Hampshire, in House of Representatives, 1854.

"Accounts dated the 17th instant, from Port Hood, mention that all the "United States craft fishing along the Nova Scotian coast 'are detained "by the Steamer *Devastation*, for alleged informality in their papers, and "any vessel attempting to leave will be fired into.'"—Extract from *Quebec Mercury*, September, 1852.

(b) "A circular letter has been sent to the Governors of the several Colonies, announcing that Her Majesty's Government has resolved to send

themselves fitted out six cruisers, fully armed and manned, to prevent further aggressions. There was an additional cause of irritation in the misunderstanding which existed as to the precise meaning of the Convention—the provincial authorities contending that the line from which the marine league was to be measured, was, not the coast-line, but one stretching from headland to headland. The Reciprocity Treaty happily brought these disputes to an end. American fishermen coming northward ceased to be, and to be regarded as thieves; and were no longer liable to be chased from one secluded port to another. They now ply their honest calling in an honorable way. Fleets of fishing craft, owned in Maine and Massachusetts, now visit, unhindered, every New Brunswick island, every Nova Scotian bay; while, preceding the advance of spring, they pour in almost countless numbers through the gut of Canso, the side gate to the Gulf of St. Lawrence, and take home full cargoes from the Bay of Chaleurs and Canadian waters. A return laid before the Canadian Parliament last year gives some important information on this score. It shows that the value of fish taken in our waters by American fishermen, which was but \$280,000 per annum previously to 1855, rose at

a small force of armed vessels and steamers to North America to protect the fisheries against foreign aggression. The Colonial Governments have fitted out six cruisers, fully manned and armed, which have sailed for the best fishing grounds, and there is imminent danger of a collision. The colonial cruisers threaten to make prize of every vessel "fishing or preparing to fish," within certain limits, which the colonial authorities contend are within three marine miles beyond a line drawn from headland to headland, and not three miles from the shores of the coast, which our citizens contend is the true reading of the convention."—Andrew's Report, page 36.

One of the most serious consequences of this habitual invasion of the terms of the Convention of 1818 was, that the American fishing vessels were obliged to place themselves in difficult and dangerous positions to avoid detection. In 1851 over 100 vessels were driven ashore on Prince Edward Island in a gale, and over 300 lives lost. The fleet braved the storm rather than run for port, and thus confess their infraction of British rights.

"The return of mackerel this year will fall short one-half of the quantity taken to this date last year. This is attributed mainly to the vessels being obliged to keep further from the shore than heretofore. Another cause is their being prohibited from fishing in the Bay of Chaleurs, where full fares could have been obtained"—From the *Gloucester Telegraph*, September, 1852.

once to \$632,400 in that year, and reached no less a figure than \$1,265,700 in 1856. It then gradually declined to \$416,000 in 1860. When the rebellion commenced the war navy of the States needed and obtained the services of many fishing vessels and their crews, and the value of the fish taken fell to \$250,000 annually; but there is little doubt that, now their country no longer needs their services, the fishermen, if allowed, will again come north in the same numbers as before (a). It was at one time feared that the influx of American fishing vessels would seriously injure the fisheries, and deprive the fishermen of the Provinces of their means of support. This apprehension has not been realized to any great extent; and any injury that may have resulted in this respect has been more than counterbalanced by the increased energy which the competition of the Americans has taught their cousins to employ (b). As a proof it may be mentioned that the value of the fish taken by Nova Scotians and New Brunswickers, which was \$2,110,750 in 1850, reached no less a figure than \$2,950,235 in 1860 (c).

The fisheries of the lakes cannot compare in value with those of

(a) Statement of the number of American vessels engaged in the fisheries of the Gulf of St. Lawrence, in Canadian waters, &c., &c.:-

No. of Vessels.	Tonnage.	No. of Crew.	Value of Fish taken.
1852.....260	18,200	3,400	\$ 294,000
1853.....220	15,400	3,000	276,000
1854.....234	16,380	3,220	280,800
1855.....334	23,380	3,580	632,400
1856....476	36,320	6,600	1,265,700
1857.....452	31,640	6,240	1,053,000
1858.....453	31,710	6,170	634,500
1859.....380	26,600	5,160	528,000
1860.....370	25,900	4,980	459,000
1861....356	24,920	4,840	416,400
1862....274	19,180	3,740	267,000
1863.....235	16,450	3,230	249,750

Return compiled by Mr. Whitcher, Fisheries Branch, Crown Lands Department, 27th June, 1864.

(b) *Vide* speech of Hon. Charles Fisher, of New Brunswick, delivered at Toronto, 1864.

(c) These figures relate to the cod, herring and mackerel fisheries. The total value of all kinds of fish taken in New Brunswick was \$518,531 in 1860, as against \$331,328 in 1850; and the census compilers state in 1861, that "a considerable portion of the catch of of the past year has not been reported."

the ocean, although they are of the annual value of about \$750,000 (a). The Reciprocity Treaty does not, in terms, apply to these inland waters, but, owing in great part to its existence, Americans have not been molested while fishing in Canadian waters, where the best fisheries are. It may therefore be considered as one of the incidental advantages of the Treaty to the Americans that they have been allowed freely to take on our lake shores fish worth about \$250,000, while the Canadians have had the benefit of the market of the States for their catch, of which about \$75,000 worth has been annually exported across the border.

It would not be difficult to occupy, in treating of this branch of the subject, the few columns allowed for the discussion of the whole. Suffice it, however, to remark further, that a good supply of fish—a necessity of life to the members of at least one numerous creed—is of no little consequence to the health and comfort of all classes. Without reference then to the export trade in fish, it follows that every measure which enlarges the field of the fisherman's calling must be advantageous to the whole community. Moreover, (without alluding to the reciprocal trade in fish and flour between the States and the Maritime Provinces, of which hereafter,) it is evident that, since the fisherman is a consumer, not a producer of vegetable food, every measure which encourages the fishing industry of the East benefits the farming community of the West, as well as the forwarding and commercial interests of the middle States.

We need not, however, look to such indirect effects to see the enormous advantages of which the Treaty has been productive to the agricultural interests of the States and of Canada. Under the clause which permits the free importation into either country of most of the raw products of the other, the trade in these articles between Canada and the States, which was only some \$10,000,000

(a) The white-fish taken in the lakes in 1860 by the Americans, was given as \$587,479, of which \$250,467 was the result of the industry of Michigan.—Census, p. 188.

The value of the fisheries to Canadians, *vide* census, was about \$150,000. This is probably an under-statement, as it does not tally with the export tables.

in the best years before the Treaty, has expanded to an average of \$23,000,000 per annum.

People do not buy and sell unless for mutual profit, and when we look at this enormous increase of trade, we must infer that the gains of those concerned in it have been increased in proportion. It is indeed difficult to over-estimate the influence of this enormous volume of commerce in building up the fortunes of commission merchants, railway shareholders, steamboat and ship owners, and their dependents, as well as of the farmers themselves (a). We

(a) Free imports into United States from Canada under Reciprocity Treaty. From Secretary Chase's returns :—

Half year to June, 1855	\$ 5,950,500
Year 1855-56	15,927,185
“ 1856-57	16,456,788
“ 1857-58	10,475,133
“ 1858-59	11,444,330
“ 1859-60	16,210,128
“ 1860-61	16,300,377
“ 1861-62	14,293,922
“ 1862-63	12,807,364
“ 1863-64 (Estimated)	13,000,000
“ ½ of '64 do.	6,500,000

Total trade under the Reciprocity Treaty for ten years..\$139,365,727

Free imports into Canada under Reciprocity Treaty. From Canadian Trade and Navigation Tables:—

Year 1855	\$ 7,725,572
“ 1856	8,082,820
“ 1857	8,642,044
“ 1858	5,564,615
“ 1859	7,106,116
“ 1860	7,069,098
“ 1861	9,980,937
“ 1862	14,430,626
“ 1863	12,339,367
“ 1864 (Estimate)	12,000,000

\$ 92,941,195

Add exports; from above

139,365,727

Total trade both ways

\$232,306,922

Excess of imports into the States.....\$46,424,532

From Secretary Chase's report, pages 16-18, it appears that the total trade with the Maritime Provinces, under the Treaty, for the first ten years of its continuance, was :—

gain an insight into the reciprocity of this beneficial influence by observing the course in which it is conducted with respect to the leading articles of exchange.

In 1863 we imported from the States 4,210,900 bushels of wheat, and exported thither 1,400,000. The imports were chiefly at Kingston (2,175,055 bushels), and at Sarnia (78,795 bushels). The exports were principally across the lakes. We also imported 225,439 barrels of flour, and exported 490,000. Converting these into their equivalents in bushels of wheat, we find that our imports of this cereal from the States were 5,338,095, and exports thither, 3,850,000. Now we did not import the balance, 1,488,095 bush., because we needed it for food, for we had a fine surplus of our own, and exported to Europe and the Colonies 1,494,384 bushels of wheat, and 2,783,150 barrels of flour; together, 8,969,304 bushels of wheat. But it helped to feed our internal commerce, made up 15 *per cent.* of our foreign export of this article, and increased the business of our millers—since the figures show that what we imported as wheat, we exported chiefly as flour. Besides, sectional benefits resulted: for the price of wheat was rendered uniform in all accessible parts of the country. On the other hand, the price of flour was somewhat reduced to the people of the North-eastern States, who received a portion of their supplies by our cheap freight routes, while the American merchants and forwarders

	Imports into U. S. \$ 35,500,000	Imports into Provinces \$40,000,000
Add the trade with Canada, as above	139,365,727	92,941,195
Total trade under the Treaty	\$174,865,727	\$132,941,195

The U. S. Tariff on the principal articles mentioned in the Schedule attached to the Reciprocity Treaty, was on Animals, 20 per cent.; Butter 20; Pork, 20; Fish, 20; Eggs, 30; Pelts, 20; Wheat, 20; Flour, 20; Barley, 20; Oats, 20; Rye and Corn, 20; Vegetables, 20; Fruits, 20; Lumber, Timber and Wood, 20; Wool, 30; Clover and Grass Seeds, 30; Coal, 30.

The present United States Tariff is considerably higher, although few of the above articles are specified in the tariff. It only mentions—Coal, \$1.25 per ton; Seeds, Garden, 30 per cent; Sheepskins, 20; Tobacco, unmanufactured, 35 cents per lb.; Wool, unmanufactured, if less value than 12 cents per lb., 3 cents, 24 cents per lb., 6 cents.

enjoyed the benefit of the trade with the Maritime Provinces, which consume annually about the same quantity of breadstuffs which we export to the States. In 1863 the Lower Provinces imported from the United States flour and wheat to the extent of 3,615,232 bushels; our exports to the States being, as above given, 3,850,000 (a).

Looking now at the coarser grains, we perceive that we exported \$2,260,438 worth of barley and rye, while we imported only \$75,793 worth. Similarly, the exports to the United States of oats amounted to \$2,097,688; the imports to but \$17,637. But, on the other hand, we imported Indian corn to the value of \$975,014, and exported only \$39,807 worth. Thus we see that the Treaty has had the beneficial effect of enabling the farmers of Canada and the United States to use their lands in raising just that kind of produce for which their soil and climate are best adapted—the Canadians growing oats and barley, the Americans corn. The consumer has consequently had the advantage of cheaper prices than if the farmers of Illinois had been driven to raise oats, and those of Canada corn. So with animals. We exported live animals worth \$2,390,799, importing to the extent of \$520,835; but we imported meats worth \$1,238,923, and exported only to

(a) Compare Hon. Mr. Howland's report to the Executive Council on Intercolonial Trade, 1861. Also, speech of Hon. T. Ryan. (Parliamentary reports, 1865.)

The figures for 1863 are the following:

Imports of wheat and flour from the United States into—

	Barrels.	=	Bushels.
Newfoundland, flour.....	216,595	=	1,082,975
New Brunswick, wheat.....			15,157
Flour.....	217,420	=	1,087,100
Nova Scotia, flour.....	286,000	=	1,430,000
Total bushels.....			3,615,232

Exports of wheat and flour from Canada to United States—

Wheat.....		..	.....	Bushels.	1,400,000
Flour, barrels.....	490,000	=	.....	"	2,450,000
Total, bushels.....					3,850,000

the extent of \$256,527 (a). The Canadian farmer who grows oats breeds horses and cattle, and the American who grows corn converts it into pork. The exchange permitted by the Treaty, and always beneficial to both, was never more so than during the recent war, when the command of the Canadian horse and cattle market was of the utmost value to the American people, and the hard times in Canada made our farmers welcome the American buyers with more than their usual cordiality. Nor must the article wool be overlooked (b). Before the Treaty, we exported to the States about \$100,000 worth of wool per annum; in 1863 the amount had risen to \$974,000. The money is of the utmost value to our farmers, the wool, which possesses valuable qualities not to be found in the fleece of the American sheep, is of the utmost value to their manufacturers."

(a) Imports of meats from the United States—

1855	\$1,019,714	1861.....	\$500,931
1856	1,417,771	1862.....	1,040,269
1857.....	993,264	1863.....	1,238,923
1858.....	544,366	1864 (half-year)....	1,040,301
1859.....	601,454	1864-5.....	876,968
1860.....	566,991		

Exports of animals to the United States.

Animals for food—

1855.....	\$862,590	1861.....	\$729,679
1856.....	490,853	1862.....	597,492
1857.....	692,833	1863.....	1,925,719
1858.....	787,582	1864 (half-year)....	499,302
1859.....	1,235,546	1864-5.....	2,666,611
1860.....	1,090,334		

Horses—

1855.....	\$491,493	1861.....	\$667,315
1856.....	323,964	1862.....	664,083
1857.....	467,321	1863.....	1,465,080
1858.....	417,154	1864 (half-year)....	503,687
1859.....	778,657	1864-5.....	1,839,764
1860.....	957,411		

Our exports of meats, and our imports of live animals are comparatively unimportant.

(b) Exports of wool from Canada to the United States—

1850.....	\$56,860	1858.....	\$342,798
1851.....	79,136	1859.....	400,232
1852.....	74,000	1860.....	401,894
1853.....	165,000	1861.....	424,930
1854.....	30,339	1862.....	724,815
1855.....	275,375	1863.....	974,153
1856.....	313,061	1864 (half-year)....	392,373
1857.....	270,000	1864-5.....	1,351,722

"Our entire crop would scarcely supply the American worsted manufacturers. Our 'combing wool' is worth twenty cents per lb. more than the fine American wools."—*Newspaper paragraph, 1865.*

Turning from the produce of the farm to that of the mine, we find other illustrations of the mutual advantages resulting from the Treaty. Coal is one of the articles free from import duty. Pennsylvania, which sold 5,000,000 tons per annum at the epoch of the Reciprocity Treaty, yielded in 1860, 11,869,574 tons of anthracite, and 2,600,000 tons of bituminous coal. Ohio gave in the latter year 1,130,000 tons, all bituminous. But the bituminous coal of Pennsylvania and Ohio is so far West that Boston and other North-eastern cities have to depend upon Nova Scotia for their supplies. (a) That colony yielded only 100,000 tons per annum, until of late, owing to the mining monopoly held by a powerful corporation. Now, however, this monopoly has been destroyed, and the report of the Nova Scotia Commissioner of Mines shews that 429,351 tons were brought to surface in 1863, and 406,699 tons in the first three quarters of 1864. Most of this was exported to the States. Ohio is, however, within easy reach of Upper Canada, and we have imported an increasing quantity of coal thence; in 1863, 103,547 tons, worth \$548,846. (b) Now,

(a) Tons shipped to the United States from Nova Scotia—

	TONS.
1849.....	92,000
1850.....	98,000
1851.....	80,000

Mines in operation—

1850.....	4
1864.....	20

In 1863, exports of coal to the United States—nearly—

Tons.....	300,000
Valued at.....	\$679,436

(b) Imports of coal from the United States into Canada—

Value of coal imported in 1851 (from United States).....\$38,652

—*Andrew's Report*, p. 431.

	TONS.	VALUE.
1855.....	80,000	\$326,512
1856.....	84,000	385,361
1857.....	94,816	400,297
1858.....	70,097	242,700
1859.....	78,557	237,776
1860.....	79,886	304,079
1861.....	171,561	458,665
1862.....	105,905	437,391
1863.....	103,547	548,846
1864 (half-year).....	22,100	86,031
1864-5 (tons estimated).....	130,000	544,511

as wood becomes annually scarcer, coal is becoming more and more indispensable, and since, from the position of the coal beds, the permission to import it reciprocally free of duty materially reduces its cost to the consumer in New England on the one hand, and in Upper Canada on the other, the withdrawal of that permission would not only be injurious to the commercial and manufacturing interests of both, but one of the most cruel injuries to the whole population of the two countries which could possibly be inflicted by the recklessness of their rulers.

The trade in other minerals is only just beginning to be developed, and as yet consists chiefly in the ores of copper and iron, many tons of which are exported to the United States (a), where our copper ores are much sought after, since they act as a flux in smelting those obtained from American mines.

The lumber trade is of equal importance to Canada with the trade in grain; but, contrary to the usual impression, it does not appear to have been so beneficially affected by the Reciprocity Treaty. Great Britain remains the consumer of by far the greater portion of our annual export, the States taking little from us save plank and boards, which they bought in large quantities before the Treaty, and will continue to buy if it should not be renewed.

The amount of our export of lumber to the States has indeed

Compare speech of Mr. Townsend, of Ohio, House of Representatives, 1853:—"The coal imported from Nova Scotia and New Brunswick is highly bituminous. * * * Some factories in the East are now lying idle because they cannot, without paying a high duty, obtain a certain amount of Pictou coal, which they find it beneficial to use in connection with that from Pennsylvania. * * * Now the question is: shall we, by legislation preventing competition, compel the millions who want coal, and must have it, to pay an extra and exorbitant price in order that a few brokers owning coal stocks may realize enormous profits?"

(a) Ores of metals imported into the United States from Canada (See Chase's return)—

	TONS.	VALUE.
1855-56.....	26,372	\$19,213
1856-57.....	3,231	42,824
1857-58.....	6,289	236,858
1858-59.....	2,733	226,086
1859-60.....	6,691	360,714
1860-61.....	12,267	392,314
1861-62.....	40,799	373,658
1862-63.....	4,915	260,229

(This statement of tons is evidently incorrect. The values are probably more reliable.)

increased considerably, but not much faster than the trade with England(a), or than the increase of the population of these regions and the denudation of the American forests would lead us to expect. The truth is, that although the lake cities may for a time be supplied by Michigan lumber, the Atlantic States must have ours, for which they must pay us what it costs us to procure it, and a reasonable profit besides. If they put a duty on it they but enhance the price of house building, and consequently of house rent, in every one of the Eastern cities, of which public injury a few lumber manufacturers in the well-nigh exhausted limits of Maine will alone reap the temporary benefit(b). The restricted interpretation given by the American Government to the clause affecting lumber has no doubt checked the increase of trade. The words are that lumber is to be reciprocally admitted free, if "unmanufactured in whole or in part." Under this phrase the

(a) Exports of lumber from Canada—

	To all Countries.	To Great Britain.	To the U. S.
1851.....	\$5,085,628	\$3,873,080	\$1,147,268
1852.....	5,548,132	3,918,088	1,590,316
1853.....	8,666,160	6,162,568	2,383,184
1854.....	9,275,780	7,246,968	1,975,030
1855.....	7,127,104	4,370,668	2,694,236
1856.....	8,894,948	5,935,892	2,897,548
1857.....	10,427,656	7,212,132	3,121,556
1858.....	8,354,755	5,106,696	3,207,964
1859.....	8,556,691	5,204,248	3,301,819
1860.....	10,061,147	6,130,776	4,846,611
1861.....	8,693,638	6,408,789	2,065,870
1862.....	10,051,147	4,896,533	3,252,589
1863.....	12,264,178	7,713,316	4,175,290
1864 (half-year)....	3,653,321	3,653,321	1,586,107
1864-5.....	13,008,595	7,971,991	4,758,539

(b) The value of Plank and Boards exported to the United States since 1851 is given below, together with the price per M. feet; and the slight increase in this price, not greater than that in the price of pine-lumber shipped to England, affords, it is believed, a remarkable illustration that the consumer, not the producer, of imported articles chiefly suffers by (*i. e.* pays) the duty that may be imposed upon it.

Exports of Planks and Boards to the United States—

YEAR	VALUE.	PRICE.	YEAR	VALUE.	PRICE.
1851.....	\$774,116	\$7 00 per M.	1859...	\$2,676,447	\$8 00 per M.
1852.....	1,144,092	7 75 "	1860...	3,027,730	9 75 "
1853.....	1,866,712	9 00 "	1861....	1,507,546	9 50 "
1854.....	1,579,821	9 75 "	1862...	2,279,567	9 75 "
1855....	2,313,259	10 50 "	1863....	2,963,426	10 00 "
1856....	2,483,687	10 75 "	1864 ¹ / ₂ yr.	1,075,624	9 75 "
1857.....	2,557,206	11 50 "	1864-5.	3,292,451	10-00 "
1858....	2,890,319	7 75 "			

United States have considered themselves entitled to charge duty on boards, if so much as grooved and tongued; on shingles, if so much as dressed. It will behove those interested in the lumber trade, on both sides of the lines, to see that, in the event of the renewal of the Treaty, a more liberal policy is adopted in this particular.

Our limits, now fast being filled, warn us to pass at once to the consideration of the last important article of the Treaty—that which secures to the United States the right of using our canals, and enables Canadian vessels to navigate Lake Michigan. This, the article which perhaps most deeply concerns the Western States, appears to be that which has led to all the agitation hostile to the Treaty. Freedom to use our canals, especially on the liberal terms fixed by the Canadian Government, has naturally interfered with the monopoly of transport enjoyed by those of New York State, whose policy has always been to raise as much revenue from tolls as the Western producers could be made to pay. Buffalo and New York consequently first took ground against the Treaty, and the Committee on Commerce of the New York Legislature, in reporting against it, plainly shewed their animus in the complaint that we have “built canals and railroads in Canada to compete with American interests,” and “engaged in fruitless but persistent efforts to divert the trade of the Western States from the natural channels it had already formed.” Let the Legislature of New York be answered by that of the State of Illinois. The Commissioners from that State, appointed under resolution of the 14th February, 1863, to confer on the subject of transportation with the Canadian authorities, said in their memorial: “For several years past, a lamentable waste of crops already harvested has occurred in consequence of the inability of the railways and canals leading to the sea-board to take off the excess. The North-west seems already to have arrived at a point of production beyond any possible capacity for transportation which can be provided, except by the great natural outlets. It has for two successive years crowded the canals and railways with more than one hundred

millions of bushels of grain, besides immense quantities of other provisions and vast numbers of cattle and hogs. This increasing volume of business cannot be maintained without recourse to the natural outlet of the lakes. * * * The St. Lawrence furnishes for the country bordering upon the lakes a natural outlet to the sea."(a) Our canal system, then, though it may compete with that of New York, does not appear to the representatives of Illinois to be "hostile to American interests." We have not yet succeeded in affording so much relief as we could wish to the bursting granaries of the West. Owing to a combination of causes, we only transported in 1863, 13,300,000 bushels of wheat through the Welland canal, of which but 3,303,000 passed on down the St. Lawrence; but even this must have been of great assistance to Western producers and forwarders. We hope, however, soon to do better than this. We have now but one grain portage railway connecting Lake Erie with Lake Ontario. We hope soon to have three. We contemplate the enlargement of our existing canals and the construction of another to connect the Georgian Bay more directly with the St. Lawrence, and shall thus endeavor to realize the ardent hopes of the Great West, "whose future prosperity depends," say the Illinois Commissioners, "upon cheap transportation to foreign markets." Here, however, it is perhaps allowable to state that we have not been permitted to realize the advantages contemplated by that clause of the Treaty under which the Government of the United States engaged "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." Although 803,239 tons of American shipping passed through the Welland canal in

(a) The value to the Western States of each additional facility for transportation cannot be over-rated. Each cent. per bushel taken off the cost of carrying their produce to market increases the value of their annual crop by \$6,500,000—they having raised in 1862, 650,000,000 bushels of wheat and corn.

1863, against 521,808 Canadian,(a) the figures for the other canals also shewing a fair proportion of American craft to be engaged in our trade, we have not been allowed the slightest participation in the business done on the American canals. Not the least of the benefits the lake shore cities have derived from the Treaty is, that they have been able to enter into a direct trade with European countries, where, indeed, they have found a ready market, not only for their cargoes but even for their vessels. The New York

(a) No. of vessels engaged in our carrying trade, that is the No. that passed up and down our canals in 1863—

	American.	Canadian.
Welland	3,474	3,425
St. Lawrence	258	10,987
Chambly	808	2,972
Burlington Bay	92	1,555
St. Anns	100	4,941
Ottawa and Rideau	66	6,933
	<u>4,798</u>	<u>30,813</u>

Tonnage of the above—

	American.	Canadian.
Welland	808,289	521,808
St. Lawrence	18,146	1,018,163
Chambly	52,578	220,110
Burlington Bay	13,398	227,047
St. Anns	6,798	311,475
Ottawa and Rideau	4,587	371,574
	<u>903,796</u>	<u>2,670,177</u>

Entrances and clearances at Lake Ports of the United States from and to Foreign Countries other than Canada through the St. Lawrence—

ENTRANCES.

	No.	Tons.
1858-58	3	887
1858-59	7	2401
1859-60	10	3595
1860-61	8	2736
1861-62	3	1168
1862-63	1	394

CLEARANCES.

	No.	Tons.
1856-57	1	379
1857-58	13	4354
1858-59	19	6737
1859-60	5	1436
1860-61	5	1791
1861-62 .....	.. .....	...
1862-63	1	394

From Secretary Chase's Report, page 35.

Legislature assert in their report, that "hope seldom told a more flattering tale than on this subject." But if the expectations of the Americans have not been realized, they must have been unreasonable. It was not to be expected that this direct trade should at once assume colossal proportions; we find, however, that, in the years before the war, the entrances and clearances from and for Europe amounted to over 5,000 tons per annum. During the war, many vessels went from the lakes to the Atlantic to aid in the blockade of the Southern ports, and for other purposes; and at least three regular lines are now established to carry on direct commerce between the lake cities and various European countries. This trade is at least of equal value to the Americans with the right given under the Treaty to British subjects to navigate Lake Michigan, and one can hardly imagine how Cleveland, Detroit, Toledo, Milwaukee, and Chicago can reconcile themselves to the idea of being degraded to their old position of inland cities, to whose craft the Atlantic must be a closed and unknown sea.

This list of the benefits the Treaty has conferred upon the parties to it, is necessarily but partial; in a few short columns one can only enumerate the most salient. Surely, however, enough has been said to prove that a strenuous effort should be made by the enlightened commercial men on both sides of the frontier to continue these advantages, which are so lightly being risked by the American Government. Doubtless there are Americans who think that the balance of profit, under the Treaty, has been with Canada; and they can be met by equally well-informed Canadians who believe that balance to have been with the United States. But the question should not be approached in that narrow-minded way. We should not enquire too closely and too jealously which party has gained the most, but, seeing the exchanges to be mutually profitable, we should devise means to allow of their continuance. Nay more, it would seem to be the duty of those charged to watch over the interests of commerce to see how still greater freedom of trade can be secured. Let them decide what other articles can be placed on the free list of a new Reciprocity Treaty; and, throwing aside

the exploded fallacy that it is possible for a Government, by imposing vexatious duties on all articles of import, to benefit all classes of its subjects, (a) show that they are imbued with, and know how to support, the principles of a more enlightened political economy (b).

(a) The demand for other than the "incidental protection," which may be necessary to raise revenue and satisfy the public creditor, implies conscious weakness—a feeling of which, with our climate, our soil, our geographical position, our wonderful resources, and the acknowledged energy of our constantly increasing population, we who dwell on this portion of the Western Hemisphere ought to be ashamed.

(b) Compare Mr. Galt's pamphlet on the Treaty, p. 23: "Much greater scope could be given to the Treaty, without compromising on the one hand the Revenue interests of the United States, or on the other the just claims to an equality in the Canadian market, which belongs both of right and duty to Great Britain. The abolition of the Coasting Laws of both countries on their inland waters, the free purchase and sale of vessels, and the removal of discrimination on the score of nationality, the extension of the privilege in both countries of buying foreign goods in bond, or by return of drawback, the addition to the free list of all wooden wares, agricultural implements, machinery, books, and many other articles peculiarly of American manufacture, and the assimilation of the Patent Laws—all these, and many other topics, naturally offer themselves for consideration."

To this succinct enumeration we can only add metals in pigs, and crude petroleum; but the Boards of Trade of both countries may be able to suggest other additions.

