

NORTH AMERICA. No. 4 (1874).

CORRESPONDENCE relating to the Negotiations for
a Reciprocity Treaty between Canada and the
United States.

*Presented to both Houses of Parliament by Command
of Her Majesty. 1874.*

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CORRESPONDENCE

RELATING TO THE

NEGOTIATIONS FOR A RECIPROCITY TREATY

BETWEEN

CANADA AND THE UNITED STATES.

Presented to both Houses of Parliament by Command of Her Majesty.
1874.

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Correspondence relating to the Negotiations for a Reciprocity
Treaty between Canada and the United States.

No. 1.

The Earl of Dufferin to the Earl of Carnarvon.

(Extract.)

Canada, February 24, 1874.

I HAVE the honour of sending herewith a full copy of the approved Order in Council of the 23rd of February, of which I have already communicated by telegram a slightly abbreviated transcript.

My present advisers are very anxious to take advantage of the opportunity which seems about to present itself of re-establishing a Reciprocity Treaty between Canada and the United States of America. I imagine that the course they contemplate will be generally approved throughout the country, and they assure me that it will meet with the approbation of Parliament.

Inclosure in No. 1.

Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General in Council, on the 23rd February, 1874.

THE Committee of Council have had under consideration a Memorandum, dated 23rd February, 1874, from the Honourable Mr. Mackenzie, reporting that he considers the present a most favourable opportunity for a renewal of negotiations for a Reciprocity Treaty between Canada and the United States of America, by which the claim for compensation, as regards the fisheries, might be settled without the reference provided for by Article XXII of the Treaty of Washington, and therefore recommending that the Imperial Government be requested to authorize the British Minister at Washington to enter into negotiations on that subject with the Government of the United States.

The Committee concur in the opinion above expressed, and advise that a copy of this Minute be communicated by your Excellency to the Right Honourable the Secretary of State for the Colonies, for the consideration of Her Majesty's Government.

Certified,

(Signed) W. A. HIMSWORTH.

No. 2.

The Earl of Carnarvon to the Earl of Dufferin.

My Lord,

Downing Street, March 5, 1874.

WITH reference to your telegram of the 24th February forwarding an Order in Council of the 23rd of that month, from which it appears that your Ministers are of opinion that the present is a most favourable occasion for a renewal of negotiations for a Reciprocity Treaty, and in which they make a formal request that an attempt may be made to settle in this manner, and without reference to a Commission, the claim for

compensation in regard to the fisheries, I have now the honour to transmit to you a copy of a despatch addressed by the Earl of Derby to Her Majesty's Minister at Washington,* instructing him to take immediate steps for entering into negotiations with the United States' Government, with a view to the renewal of the Reciprocity Treaty.

2. Upon learning the strong desire of your Ministers that a renewal of the Reciprocity Treaty should be sought for, Her Majesty's Government, though they had been fully prepared to abide by, and were in no way apprehensive of the results of, the reference contemplated by the provisions of that Treaty, did not hesitate to accede to that desire; and it will be seen, from the tenor of the instructions addressed to Sir E. Thornton, that full effect was at once given to what were understood to be the wishes of your Government.

3. As a simple and obvious course of procedure the IIIrd Article of the Reciprocity Treaty was suggested as the basis of the negotiation, it being, of course, open alike to Her Majesty's Government, on behalf of Canada, as to the Government of the United States, to propose any modifications of, or additions to, that Article, or to widen the field of discussion by introducing questions, which were not disposed of by the Treaty of 1854.

4. Your Ministers may rest assured that Her Majesty's Government are desirous to meet, as far as it may be practicable to do so, their reasonable wishes upon this subject, and that they will be prepared to give careful consideration to any further proposals which may be made by your Ministers during the course of the negotiations.

5. I may add that, with a view to save delay, you are at liberty to communicate unreservedly, though, of course, confidentially, with Sir E. Thornton as to the views of your Government, taking care, however, to transmit to me, at the earliest opportunity, copies of such correspondence.

I have, &c.
(Signed) CARNARVON.

No. 3.

The Earl of Dufferin to the Earl of Carnarvon.

My Lord,

Government House, Ottawa, March 17, 1874.

I HAVE the honour to acknowledge the receipt of a telegram dated 14th March from your Lordship, in which you have been pleased to signify your assent to the request of my Government that a Canadian gentleman should be associated with Sir Edward Thornton in the event of Her Majesty's Government authorizing the British Minister at Washington to enter upon a negotiation with the United States for the whole or partial renewal of the Reciprocity Treaty.

I have been requested by Mr. Mackenzie and his colleagues in the Administration to convey to your Lordship their sense of the consideration which has been shown to their representations by Her Majesty's Government in this matter.

I have further to inform your Lordship that it is perfectly understood by the Dominion Government that Her Majesty's Government, in consenting to authorize the substitution of a Reciprocity Treaty in lieu of the money payment secured to Canada in respect of her fishery claims under the Article of the Treaty of Washington, have done so at the express instance and solicitation of the Canadian Government.

It is also understood that the Canadian Commissioner will act under Imperial instructions, and that all propositions to be made to the United States' Government will be previously submitted to the Secretary of State.

I have communicated a copy of this despatch to the Privy Council.

I have, &c.
(Signed) DUFFERIN.

No. 4.

The Earl of Derby to Sir E. Thornton.

Sir,

Foreign Office, February 27, 1874.

I TRANSMIT to you herewith a copy of a telegraphic despatch, received by Her Majesty's Secretary of State for the Colonial Department from the Governor-General of Canada,* from which it appears that the Council of the Dominion are of opinion that the present is a most favourable opportunity for a renewal of negotiations for Reciprocity Treaty between Great Britain and the United States, by which the claim of Canada for compensation on account of the admission of American fishermen to the Canadian fisheries might be settled without the reference to a Commission provided by the Treaty of Washington; and the Council accordingly recommend that Her Majesty's Government may be requested to authorize you to enter into negotiations on the subject with the United States. The Governor-General adds that he has no doubt that the Parliament of the Dominion will approve this policy.

Her Majesty's Government are ready to make, on behalf of Canada, the proposal which the Council desire, and they now authorize you to propose to the United States' Government to enter into a Treaty to renew the IIIrd Article of the Reciprocity Treaty of 1854, with a provision for preserving in force Articles XXII to XXV of the Treaty of Washington, in case the arrangement now proposed should fail to be carried out within a limited time to be fixed for that purpose.

It will, of course, be understood that, if the United States' Government suggest any modifications in the Article of the Reciprocity Treaty which you are now to propose to renew, it will be equally open to Her Majesty's Government to suggest on behalf of Canada any modifications or additions which, after communication with the Government of the Dominion, may appear expedient.

I am, &c.
(Signed) DERBY.

No. 5.

The Earl of Derby to Sir E. Thornton.

Sir,

Foreign Office, March 14, 1874.

I HAVE to acquaint you that the Canadian Government have recommended Senator George Brown for the appointment of Commissioner to be associated with you in negotiating the proposed Reciprocity Treaty, and that Her Majesty's Government have concurred in this recommendation.

Mr. Brown's formal appointment will be sent out as soon as possible, and meanwhile you will inform the United States' Government that he has been selected for the office.

I am, &c.
(Signed) DERBY.

No. 6.

The Earl of Derby to the Hon. G. Brown.

Sir,

Foreign Office, March 21, 1874.

HER Majesty having been graciously pleased to appoint you to be joint Plenipotentiary with Her Majesty's Minister at Washington, for the purpose of negotiating and concluding a Treaty with the United States relating to Fisheries, Commerce, and Navigation, I have to acquaint you that Her Majesty has granted to you and Sir E. Thornton, under the Great Seal, a full power for that purpose.

I am, &c.
(Signed) DERBY.

No. 7.

The Earl of Dufferin to the Earl of Carnarvon.

My Lord,

Ottawa, March 27, 1874.

I HAVE the honour of forwarding a copy of an approved Report of a Committee of the Privy Council on the subject of establishing reciprocal trade relations between the United States and Canada.

I have, &c.
(Signed) DUFFERIN.

 Inclosure in No. 7.

Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General in Council on the 26th March, 1874.

(Extract.)

THE Committee of Council have had under their consideration the correspondence between his Excellency the Governor-General and the Secretary of State for the Colonies, relating to a settlement of the claims of the Dominion for compensation of the fishery privileges granted to the United States by the Washington Treaty.

The Committee having ascertained that no objection would be raised by Her Majesty's advisers to a settlement without having recourse to the arbitration provided for in the Treaty, agreed, after deliberation, to the proposed course.

It was accordingly decided on to dispatch a confidential Agent to Washington, and this mission having been accepted by the Honourable George Brown, that gentleman proceeded to Washington early in February, and speedily succeeded in ascertaining that a general willingness existed on the part of leading Statesmen of the United States to enter into a new Commercial Treaty embracing the settlement of the claims of Canada for such compensation.

Upon receiving Mr. Brown's Report, application was made to the Imperial Government to authorize the British Minister at Washington to open negotiations with the United States' Government for more extended trade relations between the two countries, and at the same time requesting that a Canadian be appointed Commissioner to act with Sir Edward Thornton in such negotiations.

These requests were acquiesced in, and the Honourable George Brown was empowered to act as Imperial Commissioner on behalf of the Canadian Government.

In carrying on the negotiations the Canadian Commissioner will keep clearly in view the circumstances that the Government of Canada is desirous, on general principles, to afford every facility for the encouragement of international trade as mutually beneficial to both countries, conferring not alone pecuniary advantages, but tending to foster and strengthen a feeling of national friendship so desirable in the interest of peace and good neighbourhood to two countries occupying the geographical position towards each other of the United States and Canada, and that any measure which will tend to promote and maintain friendly intercourse and harmony between our neighbours and ourselves through the free interchange of commodities, so that it be not seriously prejudicial to our industrial interests, will receive the support of the Dominion Government.

Mr. Brown will communicate this view to Sir Edward Thornton, accompanied with the representation that the Government of Canada do not propose any modification in matters of trade and commerce which would in any way injuriously affect Imperial interests.

The Committee further advise that a copy of this Minute be sent to Mr. Brown, and that the Honourable A. J. Smith, Minister of Marine and Fisheries, be requested to proceed to Washington at an early day to confer with Mr. Brown more fully, and render such assistance as may be necessary to a perfect understanding of the whole question.

 No. 8.

Sir E. Thornton to the Earl of Derby.—(Received May 11.)

(Extract.)

Washington, April 28, 1874.

I HAVE the honour to inclose copy of a paper which Mr. Brown and I yesterday submitted to Mr. Fish.

The greater part of this document is occupied with the history of the last fifty years of the trade relations between Canada and the United States, and shows the advantage which the United States, as well as Canada, would derive from greater liberality in those relations.

Mr. Fish took the document, and said that he was much occupied at this moment with Congressional business, but that he would take our proposals into consideration, and would let us have an answer as soon as he could.

Inclosure in No. 8.

Memorandum on the Commercial Relations, past and present, of the British North American Provinces with the United States of America.

THE Undersigned, Joint Plenipotentiaries of Her Britannic Majesty, with full powers for the negotiation and conclusion of a Treaty with the United States relative to Fisheries, Commerce, and Navigation, deem it fitting that, at the outset of the negotiations with which they have been charged, they should submit for the consideration of the Secretary of State some suggestions in regard to the commercial relations between the United States and the Canadian Dominion, which may not be unworthy of attention.

All the figures used in this memorandum are taken from the official documents of the United States' Government, except when otherwise stated.

When the British North American Provinces of Canada are spoken of, all the Provinces now composing the Dominion, and also the Island of Newfoundland, are included therein.

An impartial examination of the commercial relations that have existed between the United States and the British North American Provinces for the last fifty years, cannot fail to establish, we venture to think, beyond all doubt, that the traffic between them has been exceedingly valuable to both countries, but that the United States have, from first to last, reaped the largest advantage from it.

In the twelve years from 1821 to 1832 (both years inclusive) the United States official records show that the exports of the United States to the British North American Provinces were of the aggregate value—

| | Dols. |
|---|------------|
| In home products, of | 30,994,417 |
| In foreign products, of | 403,909 |
| Total United States exports | 31,401,326 |
| And that the entire imports of the United States in the same period from the Provinces were but | 7,684,559 |
| Leaving a balance of trade in favour of the United States of no less than .. | 23,716,767 |

In the thirteen years following the above period (1833 to 1845), the same state of things is found, with a steady increase on the aggregate of traffic. The exports of the Republic to the British North American Provinces were—

| | Dols. |
|---|------------|
| Of domestic products | 54,002,037 |
| Of foreign products | 4,640,332 |
| Total United States exports (1833 to 1845) | 58,722,869 |
| And the imports of the Republic from the Provinces were but | 23,356,275 |
| Leaving a balance in favour of the United States of | 35,366,594 |

Transportation in Bond.

In 1846 we entered upon a period when the United States' Government, after very many years of earnest effort, succeeded in obtaining from Great Britain a relaxation of the old restrictive navigation laws with regard to the British Colonies. With it came the international drawback system for the encouragement of overland transportation to and from the Atlantic Ocean without payment of duties. Although this measure only extended to the transport of merchandize, it is instructive to observe the immediate and remarkable

effect it had on the direct transactions between the Republic and the Colonies. The aggregate imports and exports between the countries immediately rose from 8,074,291 dollars, in the year 1845, to the following figures:—

| | | | | | | | Aggregate Import and Export Trade. |
|-------|----|----|----|----|----|----|---------------------------------------|
| | | | | | | | Dols. |
| 1846 | .. | .. | .. | .. | .. | .. | 9,344,150 |
| 1847 | .. | .. | .. | .. | .. | .. | 10,829,470 |
| 1848 | .. | .. | .. | .. | .. | .. | 12,029,122 |
| 1849 | .. | .. | .. | .. | .. | .. | 10,931,147 |
| 1850 | .. | .. | .. | .. | .. | .. | 15,193,497 |
| 1851 | .. | .. | .. | .. | .. | .. | 18,708,045 |
| 1852 | .. | .. | .. | .. | .. | .. | 16,619,315 |
| 1853 | .. | .. | .. | .. | .. | .. | 20,691,360 |
| Total | .. | .. | .. | .. | .. | .. | 113,846,106 |

Thus, while from 1821 to 1832 the aggregate annual traffic between the countries averaged 3,257,153 dollars, and from 1832 to 1845, 6,313,780 dollars per annum—under the influence of a more liberal policy the traffic rose, from 1846 to 1853, to no less an average than 14,230,763 dollars per annum.

And the balance of trade still preponderated enormously to the advantage of the United States. In these eight years the Republic exported to the Provinces—

| | | | | | | | Dols. |
|---|----|----|----|----|----|----|------------|
| Of home products | .. | .. | .. | .. | .. | .. | 55,072,260 |
| Of foreign products | .. | .. | .. | .. | .. | .. | 22,020,254 |
| Total United States exports (1846 to 1853) | .. | .. | .. | .. | .. | .. | 77,092,514 |
| While the imports of the Republic from the Provinces were but | .. | .. | .. | .. | .. | .. | 36,753,592 |
| Leaving in favour of the United States, on eight years' transactions, the vast balance of | .. | .. | .. | .. | .. | .. | 40,338,822 |

But, in addition to this direct interchange of merchandize, with its great preponderance in favour of the Republic, a large amount of the import and export traffic between Great Britain and the Provinces now began to be carried in bond over the canals and railways of the United States to Atlantic or inland ports, and thence dispatched to their ultimate destinations in American ships and steamers, vastly to the gain of the Republic, and without any corresponding advantage to the Provinces.

The Reciprocity Treaty.

The great success that thus attended this first partial experiment of reciprocal liberality in commercial intercourse between the two countries, led directly and easily to proposals for the much more decided measure of an interchange of the natural products of the two countries free of Customs-duty. For a number of years the subject was keenly debated in all its bearings; and it is instructive to look back on the record of those discussions, and observe the long list of distinguished American statesmen who were warm advocates of the measure.

The Reciprocity Treaty of 1854 was signed on the 5th June of that year, by Mr. Marcy, on behalf of the United States, and by the late Lord Elgin, as representative of Great Britain. Its happy effects were felt instantaneously; and it is only necessary to refer to the speeches and papers of the able men of all parties in both countries, who promoted the measure, and to analyze the official returns of its operation while in force, to arrive irresistibly at the conclusion that its results greatly surpassed the most sanguine anticipations of its originators and advocates.

The Treaty may be said to have been thirteen years in operation; for though nominally it began in 1854 and ended early in 1866, the traffic was pushed with such energy during the months of its operation in those two years, as to place them on an equality with the other years.

To obtain a just appreciation of the value of the traffic between the Republic and the Provinces during the thirteen years' operation of the Treaty, it is necessary to keep in mind that the Civil War in the States in the last four years of the Treaty's existence enhanced the value of commodities, and so deranged the industrial interests of the Republic as to give the Provinces a temporary advantage in the traffic, forbidding any fair deduction

from it as to the ordinary course of trade in times of peace. In one year (1865-66) at the end of the war the exports of British North America to the United States rose, according to the United States' official records, to 54,714,383 dollars.

However profitable this casual advantage may have been to the provinces, it can hardly be regarded as an objection to the Treaty that in time of war, when the American husbandman was debarred from tilling his fields, the necessities of life were largely supplied under it without the addition of onerous Customs duties and Custom-house restrictions. Assuredly, had the Treaty not then been in existence, every ton of these supplies, under the pressing urgency of the case, would have found its way across the lines, probably with little reduction of profit to the producer, but great increase of cost to the consumer.

The grand fact remains that, under the operation of the Reciprocity Treaty of 1854, the aggregate interchange of commodities between the Republic and the Provinces, to promote which the Treaty was concluded, rose from an annual average of 14,230,763 dollars in the previous eight years to 33,492,754 dollars gold currency, in the first year of its existence; to 42,942,754 dollars, gold currency, in the second year of its existence; to 50,339,770 dollars, gold, in its third year; and to no less a sum than 84,070,955 dollars at war prices, in its thirteenth year.

And notwithstanding the anomalous character of the circumstances arising from the existence of civil war during so considerable a portion of the Treaty's existence, by which the imports from the Provinces were greatly increased in volume and value, and the exports to the Provinces as naturally reduced in quantity, the balance of trade, during the existence of the Treaty, was largely in favour of the United States. In the thirteen years of its operation, the Provinces purchased from the Republic commodities, according to the United States' returns, to the value of 346,180,264 dollars, and the Republic purchased from the Provinces 325,726,520 dollars, leaving a gross cash balance in favour of the United States of 20,454,246 dollars. But the balance was, in fact, much larger than this. During the first ten years of the Treaty, the transactions between the countries showed a clear balance in favour of the United States of 62,013,545 dollars. That balance appears, from the United States' returns, to have been reduced, by the operations of the following three years, to the amount of 20,454,246 dollars; but this arose, no doubt, from the inflated values at which the importations into the United States from the Provinces were made under the Treaty during the war, their being no Customs duty to necessitate accuracy and every temptation to over valuation on the part of the importer. According to the official returns of the several British Provinces, which are accurately kept, the Provinces purchased from the Republic, during the thirteen years in question, commodities to the aggregate value of 359,667,257 dollars gold valuation, and the Republic purchased from the Provinces 197,056,257 dollars, in same valuation, leaving, as the sum total of the results of the Treaty of 1854, an aggregate international traffic of 623,437,525 dollars, and a gold balance in favour of the Republic of 95,796,989 dollars.

Traffic with Canada in Comparison with other States.

The importance of the Canadian traffic under the Reciprocity Treaty can be most clearly seen, perhaps, by a comparison of it with the transactions which the Republic had with other foreign countries during the same years. The total exports of the United States from 1854 to 1866, both years inclusive, amounted to 4,000,000,000 dollars. Of this vast export traffic—

| | Dols. |
|--|---------------|
| England and her possessions took | 2,769,974,538 |
| France and her possessions took | 453,993,996 |
| Spain and her possessions took | 265,893,221 |
| Germany took | 207,398,647 |
| Total | 3,697,170,402 |

And all the rest of the world took the balance.

Of the above exports, Canada's share, as we have already seen, was 346,180,264 dollars, an amount equal to the aggregate exports taken from the United States in the same years by China, Brazil, Italy, Hayti, Russia, and her possessions, Venezuela, Austria, the Argentine Republic, Denmark and her possessions, Turkey, Portugal and her possessions, the Sandwich Islands, the Central American States and Japan, all put together. In marked contrast to this, however, the United States imported from these countries, in the same years, to the amount of 538,523,386 dollars, leaving a cash balance to be paid to

them by the Republic of 192,109,610 dollars, while Canada paid over to the States a cash balance of 95796,989 dollars in gold.

Character of Traffic under the Treaty.

The character of the commodities purchased from the Republic by the Provinces during the existence of the Reciprocity Treaty is also worthy of special note. In the thirteen years of its operation, the total purchases by the Provinces of United States home productions, and of foreign articles imported by the United States' merchants, were as follows:—

| | Dols. |
|---|-------------|
| Animals and their products | 35,433,213 |
| Breadstuffs | 112,058,473 |
| Other farm products | 3,242,982 |
| Timber | 8,511,488 |
| Manufactures | 88,649,855 |
| Miscellaneous | 24,044,977 |
| Total home productions | 271,940,988 |
| Foreign commodities bought from the merchants of the United States and imported into Canada | 62,379,718 |
| Total purchases | 334,320,706 |

From this it will be seen that not less than 151,029,573 dollars of manufactured goods were purchased from the United States by the Provinces under the operation of the Reciprocity Treaty.

Transportation Traffic under the Treaty.

Did nothing more, therefore, than the volume of traffic between the countries and the comparative contributions of each country to it, enter into the question of relative advantages derived from the Treaty by each, no doubt could exist as to the United States having reaped much greater profit from the Treaty of 1854 than the Provinces. But there is another very important branch of the account. The transportation traffic sent to and brought from foreign countries by the Provinces, in bond, over the railways and canals, and in the ocean ships and steamers trading from United States ports, rose under the operation of the Treaty to an importance secondary only to the traffic in domestic productions. Previous to the negotiation of the Treaty this traffic had assumed considerable dimensions, but the vast increase that occurred under its operation must have drawn very large gains into the coffers of the Republic, and indirect advantages quite as valuable as the direct ones. No official returns of the goods thus passed over by the United States seems to have been preserved until the fiscal year 1867-68; but from the returns since published, we can form some idea of the great profit that must have accrued to the Republic while the Treaty was in force. These returns thus state the values of the foreign exports that passed over the United States *in transitu* during the past six years:—

| | | | | | | Total United States Transit Traffic. |
|-------|----|----|----|----|----|---|
| | | | | | | Dols. |
| 1868 | .. | .. | .. | .. | .. | 21,515,604 |
| 1869 | .. | .. | .. | .. | .. | 21,095,984 |
| 1870 | .. | .. | .. | .. | .. | 23,191,860 |
| 1871 | .. | .. | .. | .. | .. | 25,375,037 |
| 1872 | .. | .. | .. | .. | .. | 31,385,320 |
| 1873 | .. | .. | .. | .. | .. | 40,099,185 |
| Total | .. | .. | .. | .. | .. | 162,662,990 |

Of this vast traffic, 115,241,704 dollars consisted of merchandize imported by the Provinces from other countries and carried over United States' railways and canals into Canada; and 48,556,557 dollars of it consisted of produce exported abroad from the Provinces *via* the United States. The fact that these two amounts appear to make unitedly more than the whole aggregate of the United States' transit trade, arises from shipments made from one part of Canada to another, and consequently appearing in the list of goods going into the United States, as well as in that of goods sent out from the United States. Nearly the whole of the traffic *in transitu* of the Republic in these six years, was either sent from or sent to the British Provinces. And from its volume in

these recent years, we may form some idea of its great extent under the operation of the Treaty, when Colonial facilities for transportation were so different from what they now are.

The value of so vast a carrying trade is not easy to arrive at. Dr. Young, the able chief of the United States' Bureau of Statistics, recently stated that inward ocean freights on goods "vary from 100 per cent. on [the value of] salt and some other bulky articles, to 2 or 3 per cent. on dress goods," and that the "average on merchandize alone is not much less than 8 per cent." Now, if the ocean freight on ordinary merchandize is 8 per cent., how greatly more must be the per-centage of overland freights; and how infinitely greater must be the per-centage on the value of farm produce than on ordinary merchandize? If it is further considered that on the transit traffic to and from Canada, inland and ocean carriage have both to be paid for, and that a large proportion of the commodities are heavy and bulky, it will at once be seen what a fertilizing stream is poured by the merchants of the Dominion over the railways, canals, steam-ships, commission agents, and port cities of the Republic, even from the limited share of their traffic now sent *via* the United States, under a policy of severe restriction.

Special Privileges under the Treaty.

Nor was it merely from the vast interchange of commodities and the great carrying trade in bond that the United States reaped their golden annual harvest from the Treaty of 1854. It must not be forgotten that, by virtue of that Treaty, the Canadian canals and the navigation of the St. Lawrence were thrown open to the ships and commerce of the United States, on precisely the same footing as to those of the Canadian people, who had spent vast sums in their construction. How largely the Republic profited by this concession, the enormous amount of American merchandize passed through the Canadian canals in American bottoms, at tolls so low as to do little more than defray the cost of attendance and maintenance, the public records of both countries amply establish. The sole return made to the Provinces for this concession was the permission to navigate Lake Michigan, and the promise of the United States' Government to urge upon the State Authorities of the Republic to extend to the Provinces the same free use of the American canals as they had extended to the Republic. This promise never bore any fruit.

The St. Lawrence Coast Fisheries Free under the Treaty.

But the crowning concession enjoyed by the United States, under the conditions of the Reciprocity Treaty of 1854, was the free use of the priceless coast fisheries of British North America. For this concession the able statesmen who represented the thirteen States in the peace settlement at the close of the revolutionary war, struggled long and earnestly. To secure this much valued possession, all the skill of American diplomatists, persistently employed for three-quarters of a century, was exerted in vain. Under the Treaty of 1818, the right to the sea-fisheries of the Gulf of St. Lawrence was resigned to the United States; but not until 1854, and then only as part of the Reciprocity Treaty, and terminable with it, did they obtain access to the most valuable portion of the fisheries, namely, those within three miles from the coast, bays, and creeks of the Provinces. What the value was to the United States of this concession it would not become us to discuss while an arbitration to determine the compensation to be paid Canada for twelve years' further enjoyment of it is pending, under the provisions of the Treaty of Washington. But, as illustrative of the enormous preponderance of advantages reaped by the United States under the Treaty of 1854, we may, perhaps, be permitted to quote one or two extracts from the Reports of two Commissioners, specially appointed by the United States' Government to inquire and report on the subject of Reciprocity, as to the value of this one item in the balance of the international account:—

"Without participation in the sea fisheries near the shores of the Colonies, our deep sea fisheries in that region will become valueless."—*J. D. Andrews' Report, page 35.*

"England possesses no nursery for seamen at all equal to her North American Colonial trade."—*Ibid.*

"The average number of French seamen engaged in the cod fishery [of the Gulf of St. Lawrence] from 1841 to 1850 was 11,500, and the average bounty paid annually was 3,900,000 francs, (780,000 dollars), equivalent to 67 dol. 60 c. for each seaman. France trains up in this manner able and hardy seamen for her navy, who would cost the nation much more if they were trained on ships of war."—*Ibid.*

"The United States' tonnage engaged in 1862 in the cod fishery was 122,863 tons; in the mackerel fishery, 80,596 tons: aggregate 203,459 tons. The returns of fish and oil from this tonnage for 1862 considerably exceeded 14,000,000."—*E. H. Derby, p. 42.*

"Seamen (United States) in fisheries in 1862, 28,048. . . . The fisheries

break in at least 5,000 new seamen annually. . . . Six hundred sail have, in a single season, fished for mackerel in the Gulf of St. Lawrence and Bay of Chaleur, and taken fish to the amount of 4,500,000. . . . Nearly one-fourth of our fishing fleet, with a tonnage of 40,000 to 50,000 tons, worth 5,000,000 to 7,000,000 dollars annually, fish near the three-mile line of the Provinces."—*Ibid*, p. 44.

Repeal of the Treaty.

Such was the Treaty of 1854, which the United States terminated in 1866, on the ground that the advantages from it were all on the side of the Provinces, and against the Republic. Well might the Commissioner of the United States' Treasury, (Mr. Derby), writing regretfully of the repeal, use these words:—"It quintupled our trade with the Provinces, gave an impulse to public improvement, and utilized the new canals, railways, and other avenues of commerce." And he might as truly have added:—"Had the Provinces retaliated in the same spirit, it would have lost us the enjoyment of the shore fisheries of the maritime provinces, the use of the Canadian canals, and the navigation of the St. Lawrence River, all of which we enjoyed without consideration."

Fortunately, the Provinces did not act in the same spirit. They thoroughly believed in the practical good sense of the United States' people—especially with such a balance sheet to look back upon as the results of the Treaty of 1854 present. They assumed that there were matters existing in 1865-66 to trouble the spirit of American statesmen for the moment, and they waited patiently for that sober second thought which was sure ere long to put all things right.

Immediately on the repeal of the Treaty, Customs duties were imposed by the United States on nearly all the articles imported under it from the Provinces. The Canadian Tariff was very little changed, and, as will be presently shown, a large preponderance of the exports from the United States into the Dominion are still admitted free of duty. The use of the Canadian canals was continued to American shipping and commerce on precisely the same terms as to those of Canada. The free navigation of the River St. Lawrence was still left open to American craft, and the shore fisheries of the St. Lawrence were thrown open from year to year to American fishermen, on payment of a small license fee.

Effect in Canada of the Abrogation of the Treaty.

The industry of Canada had been largely directed to the supply of the American market with commodities for home consumption, as well as for foreign exportation, and the repeal in 1866 of the Reciprocity Treaty, under which so vast a trade had grown up, rendered imperatively necessary prompt measures to open new markets for the sale of Canadian produce. These measures were at once taken. Under the influence of the formal notice given by the United States in 1865, of their intention to terminate the Treaty, Federation of the Provinces, then under discussion, was hurried on, and became a *fait accompli* within fifteen months after its repeal. The Intercolonial railway was at once undertaken, at a cost of over 20,000,000 dollars, at the national expense, to secure direct connection to and from the Atlantic Ocean, at Halifax and St. John, on Canadian soil; and the last section of that road will shortly be opened for traffic. Commissioners were dispatched to the British and other West India Islands, and to South American States, to promote the extension of direct trade between them and the Dominion. The enlargement of the canals, the improvement of the navigation of the lakes and River St. Lawrence, the construction of the Bay Verte Canal, to connect the waters of the Bay of Fundy and the St. Lawrence, the subsidizing of ocean and river steam-ship lines, and the promotion of the great ship-building and fishery interests, all received a new and vigorous impetus.

These measures were attended with remarkable success. Only seven fiscal years have passed since the repeal of the Treaty, but already the loss inflicted by it has been more than made up, and excellent outlets in new directions opened for Canadian commerce; with an increasing annual proportion of the vast carrying trade formerly done for the Provinces by the railways, canals, and steam-ships of the Republic, transferred to Canadian hands. The traffic between the United States and the Provinces at once fell, from an average during the three years before the repeal (according to American official statistics), of nearly 75,000,000 dollars per annum to an average of 57,000,000 dollars per annum during the first three years following repeal;—the act of confederation, too, removed from the category of foreign commerce to that of home consumption, the large interchanges of commodities between the several sections of the Dominion; and the aggregate foreign commerce of the provinces consequently fell in the first year after the repeal of the Treaty to 139,202,615 dollars from 160,409,455 dollars in the previous year. As will be seen

from the following statement, however, the trade of the Dominion speedily recovered from the blow, and the volume of its foreign commerce gradually increased until, in the seventh year from the repeal of the Treaty, it reached the great sum (for a people of 4,000,000 of 235,301,203 dollars, being 75,000,000 higher than it had ever reached in any year of the Treaty's existence :

| | | | | | | Total Exports and Imports of Canada and Newfoundland. |
|-------|----|----|----|----|----|--|
| | | | | | | Dols. |
| 1867 | .. | .. | .. | .. | .. | 139,202,615 |
| 1868 | .. | .. | .. | .. | .. | 139,595,615 |
| 1869 | .. | .. | .. | .. | .. | 142,240,897 |
| 1870 | .. | .. | .. | .. | .. | 161,275,538 |
| 1871 | .. | .. | .. | .. | .. | 184,852,006 |
| 1872 | .. | .. | .. | .. | .. | 205,339,943 |
| 1873 | .. | .. | .. | .. | .. | 235,301,203 |
| Total | .. | .. | .. | .. | .. | 1,207,807,817 |

Injurious effect of Repeal on United States' Trade.

The traffic between the United States and the Dominion still retained large proportions, notwithstanding the barriers now raised against it. The aggregate imports and exports which immediately before the repeal had been (according to the United States' returns) 67,909,162 dollars in 1864, 71,374,816 dollars in 1865, and 84,070,955 dollars in 1866, fell immediately after the repeal to 57,927,347 dollars in 1867, 56,624,493 dollars in 1868, and 56,287,546 dollars in 1869. But there the falling off stopped. The volume of traffic then began steadily to reascend, and reached 67,929,125 dollars in 1870, 71,927,077 dollars in 1871, 73,720,512 dollars in 1872, and 82,381,626 dollars in 1873, or within 2,000,000 dollars of the highest point reached during the Treaty's operation. The aggregate traffic between the countries in the seven fiscal years since the repeal was 466,807,726 dollars.

But large as this volume of trade is, it is instructive to observe how small a proportion of the foreign commerce of Canada this now forms, in comparison with the share of it enjoyed by the United States while the Treaty was in operation. During its thirteen years' existence the aggregate exchange of commodities between the countries averaged 46 per cent. of the entire foreign commerce of the Provinces; and in its last year the average had reached not less than 52½ per cent. of their entire commerce. But since the repeal the case is totally altered. The proportion of the foreign commerce of Canada transacted with the United States from 52½ per cent. in 1866, fell, in 1867, to 42 per cent.; in 1868, to 41 per cent.; in 1869, to 40 per cent.; in 1870, to 42 per cent.; in 1871, to 40 per cent.; in 1872, to 36 per cent.; and in 1873, to 35 per cent. The average proportion of the commerce of the Provinces has been since the repeal but 38½ per cent., against nearly 50 per cent. in the last five years of the Treaty. Had the Treaty not been abrogated in 1866, and the per-centage of Canadian traffic with the States risen no higher than it did under the Treaty, the interchange of commodities between the countries in the last seven years would have aggregated 600,000,000 dollars.

Changed Character of the Traffic since Repeal.

But it is not only in the diminution of commerce that the United States have suffered by the abrogation of the Treaty. The changed character of the traffic now carried on between the countries, in comparison with that formerly done is also worthy of attentive observation. For example, the consumption of lumber throughout the Republic increases enormously every year, and indeed, all over the world. The home supply of it in the United States is fast disappearing; prices go up steadily; and here is the result, since the repeal of the Treaty, on the United States' purchases from Canada, of that one article :—

| | | | | | | Dols. |
|---------|-----------------------------------|----|----|----|----|------------|
| 1866-67 | Lumber exports to United States.. | .. | .. | .. | .. | 6,437,860 |
| 1867-68 | " | .. | .. | .. | .. | 6,727,006 |
| 1868-69 | " | .. | .. | .. | .. | 7,208,446 |
| 1869-70 | " | .. | .. | .. | .. | 8,670,702 |
| 1870-71 | " | .. | .. | .. | .. | 8,264,837 |
| 1871-72 | " | .. | .. | .. | .. | 8,410,917 |
| 1872-73 | " | .. | .. | .. | .. | 11,134,956 |

And the prices of lumber go up in prompt sympathy with the increasing demand, for the benefit of the lumber operators, who are in no need of sympathy in Canada, whatever they may be in the United States, but to the injury of numerous branches of industry in which wood forms an important element, and to the serious embarrassment of agricultural operations on prairie and other lands.

And so it is with fish, barley, peas, wool, hides, sheep, horses, and other articles of Canadian production, which cannot easily be got elsewhere. The demand from the United States is good and constant, notwithstanding the Custom-house barriers, and the prices keep steadily up.

Traffic driven from United States' Channels.

But in regard to wheat, flour, provisions, and other articles of which the United States have a surplus as well as Canada, the effect of the duties upon them has been to send through Canadian channels, direct to the maritime Provinces, the West India Islands and Great Britain, a vast amount of products that were formerly sold to New York and Boston houses, and shipped to these same markets through American channels. Where two countries alongside of each other have each a large annual surplus of the same article, and that article is in world-wide demand, heavy duties against each other can hardly be effective. The stuff will find its way to market by some route or other.

Canadians now large Exporters of Western Products.

The change in the other side of the account is equally instructive. The imports of domestic productions of the United States (as distinguished from foreign productions) into Canada, in the four years previous to the abrogation of the Treaty averaged 28,131,802 dollars annually; but on its abrogation they immediately fell to 20,548,704 dollars in 1867; and though they have since gradually recovered, so that the imports of the last seven years have averaged 25,649,349 dollars per annum, this was due, not to a demand for home consumption, but to the increasing carrying trade of the Dominion with foreign countries. The necessity of direct intercourse with foreign markets for Canadian products, forced on Canadian merchants by the repeal of the Treaty, led on to a considerable traffic with those markets in American domestic products; hence we find in the imports of Canada from the United States in the last four years, such items as the following:—

| | 1871-72. | 1872-73. |
|---|------------|------------|
| | Dols. | Dols. |
| Meats—fresh, salted, and smoked | 1,047,272 | 1,227,870 |
| Swine | 612,506 | 1,265,813 |
| Flour and meal | 2,604,644 | 2,505,581 |
| Indian corn | 3,778,256 | 4,360,854 |
| Wheat | 4,450,104 | 6,894,247 |
| | 12,493,082 | 16,254,365 |

Large portions of these articles were purchased for foreign exportation, either in the raw state or after being manufactured in Canada. The general progress of this trade, though not consisting solely of American products, is pretty well indicated by the following official returns:—

| | Dols. |
|---------------------------------------|------------|
| 1868 Exports of foreign goods | 4,196,821 |
| 1869 | 3,855,801 |
| 1870 | 6,527,622 |
| 1871 | 9,853,033 |
| 1872 | 12,744,125 |
| 1873 | 9,405,910 |
| Total in six years | 46,583,312 |

The home consumption of American domestic products in the Canada market has, therefore, largely decreased since the repeal of the Reciprocity Treaty.

Balance of Trade now largely against the Republic.

But the most remarkable effect of the abrogation of the Reciprocity Treaty was the immediate change it produced in the balance of trade between the countries. From the

year 1820 up to 1866, a term of forty-six years, there were only (according to the United States' returns) five years in which the annual transactions between the Republic and the Provinces did not show a large cash balance against the Provinces. But four of these five exceptions were merely the result of war prices and the over valuation usual in free entries. The entire interchange of traffic from 1820 to 1866 showed a cash balance in favour of the United States of 195,219,272 dollars. But this state of things came to a sudden end with the expiration of the Treaty, and the balances in favour of the Dominion have since been as follows :—

| | Dols. |
|--|------------|
| 1866-67 | 9,281,009 |
| 1867-68 | 4,099,949 |
| 1868-69 | 7,893,082 |
| 1869-70 | 14,240,477 |
| 1870-71 | 2,921,625 |
| 1871-72 | 8,202,352 |
| 1872-73 | 5,236,514 |
| Total balance against United States in seven years | 51,875,008 |

Diversion of Traffic from United States' Ocean Ports.

There is still another feature of the changed relations between the countries well worthy of special note. The time was when the merchants of New York and Boston controlled a large proportion of the import and export traffic of the British provinces; but that time passed away with the Reciprocity Treaty. Customs duties, Custom-house restrictions and examinations, Consuls' certificates, and bonding entries and charges, with all their annoyances and delays, have acted severely against the traffic of these ports in Canadian products, and the railways and canals leading from them, and forced the business into more northern channels.

Mr. E. H. Derby, Special Commissioner of the Treasury, in his official report to Mr. McCulloch of 1st January, 1866 (page 81), makes this statement: "The commerce of Boston affected by the Reciprocity Treaty exceeds 27,000,000 dollars annually, namely: Imports from and exports to the maritime provinces, 6,000,000 dollars; outfits and returns in deep sea fisheries, 11,000,000 dollars; imports of wool, grain, and animals across the frontier of Canada, and entered there, with returns, at least 10,000,000 dollars." We have no personal knowledge as to the accuracy of this estimate, but no better authority on the point than Mr. Derby could be desired. But if this was the annual interest of one United States' port affected by the Treaty in 1866, when the entire annual foreign commerce of the province was little more than 100,000,000 dollars, how shall the gain of 5,000,000 or 6,000,000 dollars to the United States' Treasury, levied on such necessaries of life as beef, flour, coal, lumber, &c., compensate the loss of driving away from the great marts of the Republic the lion's share of a traffic already amounting to 235,000,000 dollars per annum.

Comparative Importance of Canadian Traffic in spite of Restrictions.

But with all these barriers and drawbacks in the way of natural and easy traffic, it is in the highest degree instructive to observe how important the commercial transactions between the Republic and Canada remain, even now, in comparison with those between the United States and countries more remote. Permit us to analyze the export traffic of the United States for the fiscal year ending 30th June, 1872, in order to show this. In that year the entire export traffic of the Republic with foreign countries, including the trade *in transitu*, was as follows :—

| | Dols. | Dols. |
|---|-------------|-------------|
| Of home products | 549,219,718 | |
| Of foreign products | 22,769,749 | |
| Of foreign products <i>in transitu</i> over the railways, &c., of the United States to foreign countries | 31,385,320 | |
| Total United States export traffic, 1871-72 | 603,374,787 | |
| Of this vast traffic Great Britain and her Colonies (omitting Canada and Newfoundland) took from the United States— | | |
| Of home products | 329,224,701 | |
| Of foreign products | 8,844,872 | |
| Of goods <i>in transitu</i> | 3,420,332 | 841,489,905 |
| Total export traffic | | 261,884,862 |

| | Dols. | Dols. |
|---|-------------------|--------------------|
| Of this remaining traffic, the British North American Provinces took— | | |
| Of home products | 27,774,091 | |
| Of foreign products | 4,984,989 | |
| Of goods <i>in transitu</i> | 24,098,114 | |
| Total British North American Provinces.. | 56,857,194 | |
| Germany took | 43,483,003 | |
| France and her possessions | 34,704,730 | |
| Spain and her possessions | 27,577,792 | |
| | | 162,622,719 |
| And all the rest of the world.. .. . | | 99,262,163 |

From these figures it will be seen that, in the year 1871-72, Great Britain and her Colonies (including Canada) took over 66 per cent. of the entire export traffic of the United States, and all the rest of the world but 34 per cent.

It will also be seen that, in that year, the Canadian Dominion and Newfoundland took 13,874,191 dollars more of the export traffic of the United States than did any country in the world outside the British Empire; that she took 22,152,464 dollars more of it than France and all her possessions, and more than double the amount taken by Spain and all her possessions.

A further analysis of the foreign commerce of the United States shows that, in the same year, the export traffic from the United States to the Dominion exceeded the entire exports of the United States to the Chinese Empire, the Russian Empire, Brazil, Mexico, Italy, Japan, Hayti, Venezuela, Denmark and her possessions, Chili, Portugal, and her possessions, the Central American States, the Austrian Empire, the Argentine Republic, the Turkish Empire, the Sandwich Islands, Sweden, Norway, Liberia, and Greece all put together. The total export traffic of the United States to these twenty countries, in home products, foreign goods, and goods *in transitu*, being 56,663,359 dollars, while that to Canada was 56,857,194 dollars.

A continued analysis of the United States' official Returns shows that, while Canada in 1871-72 thus swelled the export sales of the domestic and foreign goods in the United States, and the carrying trade of their ocean fleet and railways and canals, to an equal extent with the above twenty countries, the United States took that year from Canada in return but 40,991,432 dollars, of which 4,614,502 dollars was gold and silver, 1,180,790 dollars goods of United States' production returned to the States from Canada, and 691,299 dollars effects of immigrants passing through Canada into the United States. But, on the other hand, while the twenty countries above-named took, as above stated, but 56,663,359 dollars of the export traffic of the United States, their import traffic into the United States was no less than 108,377,613 dollars—of which only 7,218,620 dollars was gold.

Comparative Duties in the United States and Dominion.

Again: of the entire purchases by Canada from the United States in 1871-72 of home and foreign products (excluding the traffic *in transitu* from the comparison), articles to the value of 20,710,532 dollars were admitted free of duty, and only on 12,048,548 dollars was any duty paid. The total amount of duty levied was 2,216,215 dollars, or an average per centage on Canada's entire importations from the States (free and dutiable) of that year, of only $6\frac{3}{4}$ per cent. On the other hand, of the purchases by the United States from Canada in the same year, the articles admitted free of duty were to the value of but 9,329,881 dollars, and those subjected to duty 31,631,551 dollars. Indeed, as there were included among the free importations 4,619,502 dollars of gold and silver coin and bullion, 1,180,790 dollars of United States' productions returned to the States, and 686,800 dollars of effects of immigrants passing through Canada into the States,—the free importations of merchandize from Canada by the United States were, in reality, but 2,842,789 dollars, against 31,631,555 dollars, on which Customs duties were levied to somewhere about 25 per cent. on the entire importations of the year.

Same Facts demonstrated in 1873.

And the same state of things is found in the year ending 30th June, 1873. The declared value of the entire export traffic of the United States with foreign countries was as follows:—

| | Dols. |
|--|-------------|
| Of home products | 649,132,563 |
| Of foreign products | 28,149,511 |
| Of foreign products passing <i>in transitu</i> over the railways and canals of the States to foreign countries | 40,099,185 |
| Total United States export traffic 1872-73 | 706,949,259 |
| Of this vast export traffic Great Britain and her Colonies received from the United States:— | |
| Of home products | 420,939,283 |
| Of foreign products | 18,639,171 |
| Of foreign goods brought over the railways and canals of the States | 33,071,529 |
| | 472,649,983 |
| Balance to the rest of the world | 234,299,276 |

Of the above great amount of traffic taken from the United States by Great Britain and her Colonies Canada took—

| | Dols. |
|---|-------------|
| Of home products | 34,368,811 |
| Of foreign products | 4,203,745 |
| Of goods imported over the railways and canals of the United States | 26,784,184 |
| Total export traffic of the United States to Canada.. .. . | 65,356,740 |
| Germany's share was | 68,724,421 |
| France and her possessions took | 36,083,266 |
| Spain and her possessions took | 29,257,121 |
| And all the rest of the world took | 100,234,468 |

Great Britain and her possessions took 67 per cent. of the entire export traffic of the United States for 1872-73, and all the rest of the world but 33 per cent.

With the exception of Germany (whose traffic exceeded that of the Dominion by only 3,367,681 dollars) Canada in this year was the largest customer of the United States outside the British Empire. She took 29,273,470 dollars of United States export traffic more than was taken by France and her possessions; more than double what was taken by Spain and her possessions; and more than the Russian Empire, Japan, Italy, Brazil, Mexico, Hayti, Peru, the Argentine Republic, Venezuela, Sweden, Norway, Denmark and her possessions, Chili, China, Uruguay, the Austrian Empire, the Turkish Empire, the Central American States, Portugal and her possessions, the Sandwich Islands, Liberia, and Greece all put together. These twenty-two countries took in all 64,901,145 dollars of the export traffic of the United States, of which 12,397,315 dollars was gold, while Canada alone took 65,356,740 dollars, of which only 4,269,181 dollars was gold.

On the other hand, the United States in the same year imported from Canada but 43,809,070 dollars, of which 6,159,538 dollars was gold, 1,211,155 dollars products of the United States returned from Canada to the States, and 729,985 dollars, effects of immigrants passing through Canada into the United States. The actual importation of Canadian merchandize was, therefore, but 35,708,392 dollars, while the twenty-two countries above-named, whose share of the United States export traffic of the year was but 64,901,145 dollars, including gold, or 52,593,830 dollars excluding it, sent into the United States in the same year no less than 131,101,423 dollars, of which but 2,104,393 dollars was gold. The "balance of trade" for the years 1872-73. therefore, was 52,593,830 dollars of export traffic from the United States into these twenty-two countries, and 128,997,030 dollars of imports into the United States from them, or 76,303,200 dollars against the United States.

And the contrast is even more marked when the United States customs duties on Canadian products are compared with those on the products of other countries whose commerce is of infinitely less moment than that of Canada. In the year 1872-73, of the 35,708,392 dollars of merchandize imported by the United States from Canada, only 4,334,285 dollars was admitted free of duty, and on the remaining amount of 31,374,107 dollars duties were levied to somewhere about 25 per cent. on the entire importations from Canada of that year. Canada, on the other hand, on her importations from the United States the same year, admitted merchandize to the value of 22,016,690 dollars entirely free of duty, and levied duties on only 16,555,866 dollars, to the amount of but 2,923,795 dollars, or 8½ per cent. on the entire importations of merchandize for the year. How different] was it with the twenty-countries above-named. Of their importations into the United States, 102,501,338 dollars were received free of duty, and only on 29,200,085 dollars was any duty charged.

It is not for us to criticise in any way the manner in which the United States choose to impose their duties. We merely mention these things to remind you of the disadvantageous position Canada occupies in her transactions with the Republic, in comparison with that of other countries, whose transactions are not to be compared in extent or profit with those of the British provinces.

When, with all these facts before them, Her Majesty's Advisers invite the Government of the United States to reconsider the whole commercial relations of the Republic and the Dominion, with a view of placing them on a friendly and durable basis of reciprocal advantage, the question naturally presents itself, how it comes that, having prospered so well since the repeal of the Reciprocity Treaty of 1854, Canada now seeks for its restoration. The answer is as natural as the question. The population of the United States is 40,000,000, and that of the Dominion is but 4,000,000. The boundary between them is, for the most part, but a surveyor's line often unknown even to those who live beside it; and it is of the utmost importance to Canada that common interests and mutual good will should exist between the countries. And what so conducive to this end as commercial intercourse, generously carried on and mutually profitable? The people of Canada are not ignorant that a market near at hand is better than a distant one; and, good as their present markets are, they would gladly have the old one in addition. They comprehend the barrier that Custom-house restrictions throw in the way even of the existing traffic; and they seek to have these withdrawn. They are proud of their own St. Lawrence route, and intend to improve it to the uttermost for the benefit of the great West and their own; but would gladly use the ocean ports and other channels of commerce of the Republic, when freights and fares and friendly reciprocity draw them in that direction. And very great as have been the advantages always accruing to the United States from reciprocity, the Canadians can find only cause of hearty rejoicing at that, so long as they themselves continue to enjoy that moderate degree of prosperity with which Providence has blest them. There is no mystery or *arrière-pensée*, in their desire that the commercial relations of the Republic and the Dominion should be placed on the most kindly and unfettered and mutually advantageous basis consistent with their respective existing obligations, and with that connection with Great Britain which the Dominion so happily enjoys.

It was with these views and in this spirit that the Canadian Administration availed itself of the opportunity presented by the XXIInd Article of the Treaty of Washington to represent to Her Majesty's Government the advantage that would accrue to both countries by the substitution of a satisfactory Commercial Treaty in lieu of the money compensation to be paid (under arbitration) by the United States for twelve years' enjoyment of the coast fisheries of the Dominion. It was felt that if the large value placed by the Canadian people on their fisheries were not reasonably compensated by the results of the arbitration, a feeling of dissatisfaction might be engendered in the provinces, not conducive to international harmony; and that if, on the other hand, an award were made equal to the confident anticipations of the provinces, the good feeling restored in the United States by the Treaty of Washington might be sensibly impaired. To merge the matter in a general measure of mutual commercial concession, for the mutual advantage of both parties, and with injury or injustice to neither, seemed the fitting conclusion to be arrived at by the Governments of two great nations.

Her Majesty's Ministers were pleased to adopt the suggestion of the Canadian Government, and the matter having been brought under the attention of the Secretary of State, and through you, Sir, to the notice of the President of the United States, a friendly response was at once received, and the necessary measures instituted for opening formal negotiations.

In the interview which we had the honour to be favoured with by you at the State Department on the 28th March, we stated to you that Her Majesty's Government was prepared to accept a renewal of the Reciprocity Treaty of 1854 as a substitute for the arbitration provision of the Washington Treaty, in reference to the Canadian Coast Fisheries.

You, thereupon, suggested an enlargement of the scope of the Treaty, and we asked in what manner you would propose to enlarge it.

You replied that you had no proposition to make, but that you suggested, as topics for discussion—the enlargement of the Canadian Canals, so as to facilitate the transportation of the products of the great Western States to the Atlantic seaboard; and also the addition of certain classes of manufactures to the free list of the old Treaty.

We then stated that we were prepared to enter into an agreement for the enlargement of the Canadian canals.

In regard to the addition of certain classes of manufactures to the free list under the old Treaty, we reminded you that the revenue of the Canadian Dominion was largely obtained from a 15 per cent. *ad valorem* duty on manufactured goods, and that any articles made free in Canada under agreement with any foreign country must be made free to Great Britain. But we added that the Government of Canada was desirous to afford every facility for the encouragement of extended commercial relations between the Republic and the Dominion, in the belief that nothing could tend more to their mutual advantage, not only in a pecuniary sense, but as tending to foster and strengthen those friendly feelings that ought eminently to prevail between two peoples mainly derived from the same origin, speaking the same language, and occupying the geographic position towards each other of the United States and Canada. We conveyed to you the assurance of the Canadian Government, that acting in this spirit, and in the confidence that we would be met in the same spirit by the Government of the Republic, the assent of Canada will be heartily given to any measure calculated to promote the free and fair interchange of commodities, to reduce the cost of transportation, or conduce to the joint advantage of the two countries, so that it be not seriously prejudicial to existing industrial interests of the Canadian people.

In the spirit of this assurance, we invited you to suggest for discussion the classes of manufactures that you would desire to have embraced in the new Treaty. This you declined to do; but you urged that we should indicate the enlargement of the old Treaty likely to be acceptable to both countries. Without acquiescing in the propriety of this course, we yielded to your wishes, and now proceed to fulfil our promise to do so.

Suggestions.

We propose that the new Treaty shall be for the term of twenty-one years,—to inspire confidence among business men investing their capital in such extensive enterprises as would naturally follow from the completion of a comprehensive Treaty.

We propose that the Treaty shall provide for the free admission into the United States, the Dominion of Canada, and the Island of Newfoundland, of the following articles, as under the Treaty of 1854:

Animals and their Products.

| | |
|--|--|
| Animals of all kinds. Butter. Cheese. Eggs. Furs, undressed. Hides, undressed. Horns. Lard. | Meats, fresh, smoked, or salted. Pelts. Poultry. Skins, undressed. Tails, undressed. Tallow. Wool. |
|--|--|

Products of the Farm.

| | |
|--|--|
| Breadstuffs of all kinds. Broom-corn. Cotton-wool. Flax, unmanufactured. Flour of all kinds. Fruits, dried and undried. Grain of all kinds. Hemp, unmanufactured. | Plants. Rice. Seeds. Shrubs. Tobacco, unmanufactured. Tow, unmanufactured. Trees. Vegetables. |
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Products of the Forest.

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| Ashes. Bark. Firewood. Lumber of all kinds, round, hewed, or sawed, unmanufactured in whole or in part. | Pitch. Tar. Timber of all kinds, round, hewed, or sawed, unmanufactured in whole or in part. Turpentine. |
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Products of the Mine.

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| Burr or grindstones, hewn, wrought, or un- wrought. Coal. Gypsum, ground or unground. | Marble in its crude or unwrought state. Ores of all kinds of metals. Slate. Stone in its crude or unwrought state. |
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Products of the Water.

Fish of all kinds.
 Fish, products of, and of all other creatures living in the water.
 Fish oil.

Sundries.

Dye-stuffs.
 Manures.
 Rags.

We propose the following additions to the above list of free articles :

Agricultural implements—to be defined.
 Bark, extracts of, for tanning purposes.
 Bath bricks.
 Bricks for building purposes.
 Earth ochres, ground or unground.
 Hay.
 Lime.
 Malt.
 Manufactures of iron or steel.

Manufactures of iron or steel and wood jointly.
 Manufactures of wood.
 Mineral and other oils.
 Plaster, raw or calcined.
 Salt.
 Straw.
 Stone, marble or granite, partly or wholly cut or wrought.

We propose that the enjoyment of the Canadiap coast fisheries shall be conceded to the United States during the continuance of the new Treaty, in the manner and on the conditions provided under the Washington Treaty, except those in regard to the payment of money compensation for the privilege.

We propose that during the continuance of the Treaty the coasting trade of Canada and of the United States shall be thrown open to the vessels of both countries on a footing of complete reciprocal equality.

We propose that the Canadian canals, from Lake Erie to Montreal, be enlarged forth with at the expense of Canada, so as to admit of the passage of vessels 260 feet in length, with 45 feet beam, with a depth equal to the capacity of the lake harbours.

We propose that, during the continuance of the Treaty, all the Canadian canals and the Erie, Whitehall, Sault Ste. Marie, and Lake St. Clair canals, in the United States, shall be thrown open to the vessels, boats, and barges of both countries on the same terms and conditions to the citizens of both countries; and that full power be given to tranship cargo from ships or steamers into canal-boats at any canal entrance, and also to tranship boats into ships or steamers at any canal outlet.

The free navigation of the St. Lawrence River having been conceded for ever by Great Britain to the United States under the Washington Treaty, but the free navigation of Lake Michigan having been conceded for ten years only by the United States to Great Britain under the same Treaty, we propose that both concessions be placed on the same footing, free from restrictions as to reporting at any port in the United States other than the port of destination.

We propose that during the continuance of the Treaty vessels of all kinds, built in the United States or Canada, may be owned and sailed by the citizens of the other, and be entitled to registry in either country, and to all the benefits thereto pertaining.

We propose that a Joint Commission shall be formed, and continued during the operation of the Treaty, for deepening and maintaining in thoroughly efficient condition the navigation of the rivers St. Clair and Detroit, and Lake St. Clair, on whichever side of the river the best channel shall be found; the expense to be defrayed jointly by the contracting parties, by contributions corresponding to the commerce carried on in these waters by them respectively.

We propose that a Joint Commission shall be formed, at joint expense, and maintained during the operation of the new Treaty, for securing the erection and proper regulation of all lighthouses on the great lakes common to both countries, necessary to the security of the shipping thereon.

We propose that a Joint Commission shall be formed at joint expense, and maintained during the continuance of the Treaty, to promote the propagation of fish in the inland waters common to both countries, and to enforce the laws enacted for the protection of the fish and fishing grounds.

We propose that citizens of either country shall be entitled, during the continuance of the Treaty, to take out letters patent for new discoveries in the other country, on the same footing as if they had been citizens of that country.

We propose that the best method of discountenancing and punishing illicit trade between the countries shall be the subject of consideration and co-operation by the Custous authorities of the two countries.

That in case a Treaty of Commercial Reciprocity should not have been concluded before the end of the present session of Congress, the right of adjudication of the claim of Canada to compensation for the fisheries, under Articles XXII to XXV of the Treaty of Washington, would in no degree be waived, and that in that event the fulfilment of the stipulations contained in those articles would be immediately proceeded with.

Washington, D.C., April 27, 1874.

(Signed)

EDWARD THORNTON.
GEO. BROWN.

No. 9.

The Earl of Derby to Sir E. Thornton.

Sir,

Foreign Office, May 22, 1870.

I HAVE received your despatch of the 28th ultimo forwarding a copy of the Memorandum containing proposals for a Reciprocity Treaty, which has been submitted by yourself and Mr. Brown to the United States' Government, and I have to state to you that Her Majesty's Government approve this paper, which appears to be drawn up with care and ability.

I am, &c.

(Signed) DERBY.

No. 10.

Sir E. Thornton to the Earl of Derby.—(Received June 30.)

(Extract.)

Washington, June 17, 1874.

I HAVE the honour to inform your Lordship that, after a great many conferences which Mr. Brown and I have had during the last few days with Mr. Fish, we have at length agreed upon a draft Treaty for the regulation of the commercial relations between the United States and Canada, which Mr. Fish has promised to send to the Senate to-morrow with a view to eliciting an opinion from that body whether it will be expedient to sign a Treaty on the basis of the stipulations proposed in the draft.

I have the honour to inclose a copy of this draft.

Inclosure in No. 10.

Draft of Reciprocity Treaty to be submitted to the Senate.

HER Majesty the Queen of Great Britain and the United States of America, being desirous of improving the commerce and navigation between their respective territories and people, and more especially between Her Majesty's possessions in North America and the United States, in such manner as to render the same reciprocally beneficial, have respectively named Plenipotentiaries to confer and agree thereupon, that is to say:—

* * * * *

Who, after having communicated to each other their respective full powers, found in good and due form, have agreed upon the following Articles:—

ARTICLE I.

It is agreed by the High Contracting Parties that, in addition to the liberty secured to the United States' fishermen by the Convention between Great Britain and the United States, signed at London on the 20th day of October, 1818, of taking, curing, and drying fish on certain coasts of the British North American Colonies therein defined, the inhabitants of the United States shall have, in common with the subjects of Her Britannic Majesty, the liberty, for the term of years mentioned in Article XV of this Treaty, to take fish of every kind, except shell-fish, on the sea-coasts and shores, and in the bays, harbours, and creeks of the Provinces of Quebec, Nova Scotia, and New Brunswick, and the Colony of Prince Edward Island, and of the several islands thereunto adjacent, without being restricted to any distance from the shore, with permission to

land upon the said coasts, and shores, and islands, and also upon the Magdalen Islands, for the purpose of drying their nets and curing their fish; provided that, in so doing, they do not interfere with the rights of private property, or with British fishermen, in the peaceable use of any part of the said coasts in their occupancy for the same purpose.

It is understood that the above-mentioned liberty applies solely to the sea fishery, and that the salmon and shad fisheries, and all other fisheries in rivers and the mouths of rivers, are hereby reserved exclusively for British fishermen.

ARTICLE II.

It is agreed by the High Contracting Parties that British subjects shall have, in common with the citizens of the United States, the liberty, for the term of years mentioned in Article XV of this Treaty, to take fish of every kind, except shell-fish, on the eastern sea-coasts and shores of the United States north of the thirty-ninth parallel of north latitude, and on the shores of the several islands thereunto adjacent, and in the bays, harbours, and creeks of the said sea-coasts and shores of the United States and of the said islands, without being restricted to any distance from the shore, with permission to land upon the said coasts of the United States and of the islands aforesaid, for the purpose of drying their nets and curing their fish; provided that, in so doing, they do not interfere with the rights of private property, or with the fishermen of the United States, in the peaceable use of any part of the said coasts in their occupancy for the same purpose.

It is understood that the above-mentioned liberty applies solely to the sea fishery, and that salmon and shad fisheries, and all other fisheries in rivers and mouths of rivers are hereby reserved exclusively for fishermen of the United States.

ARTICLE III.

It is agreed that the places designated by the Commissioners appointed under the 1st Article of the Treaty between Great Britain and the United States, concluded at Washington on the 5th of June, 1854, upon the coasts of Her Britannic Majesty's dominions and the United States, at places reserved from the common right of fishing under that Treaty, shall be regarded as in like manner reserved from the common right of fishing under the preceding Articles. In case any question should arise between the Government of Her Britannic Majesty and of the United States as to the common right of fishing in places not thus designated as reserved, it is agreed that a Commission shall be appointed to designate such places, and shall be constituted in the same manner, and have the same powers, duties, and authority as the Commission appointed under the said 1st Article of the Treaty of the 5th of June, 1854.

ARTICLE IV.

It is agreed that the Articles enumerated in Schedules A, B, and C, hereunto annexed, being the growth, produce, or manufacture of the Dominion of Canada or of the United States, shall, on their importation from the one country into the other, from the 1st day of July, 1875, to the 30th day of June, 1876 (both included), pay only two-thirds of the duties payable at the date of this Treaty on the importation into such country of such articles respectively; and from the 1st of July, 1876, to the 30th day of June, 1877 (both included), shall pay only one-third of such duties; and on and after the 1st day of July, 1877, for the period of years mentioned in Article XIII of this Treaty, shall be admitted free of duty into each country respectively.

For the term mentioned in Article XIII, no other or higher duty shall be imposed in the United States upon other Articles not enumerated in said Schedules, the growth, produce, or manufacture of Canada: or in Canada, upon such other articles, the growth, produce, or manufacture of the United States, than are respectively imposed upon like articles, the growth, produce, or manufacture of Great Britain, or of any other country.

SCHEDULE (A), consisting of the following Natural Products:—

Animals of all kinds.
Ashes, pot, pearl, and soda.
Bark.
" extract, for tanning purposes.

Bath bricks.
Breadstuffs of all kinds.
Bricks for building, and fire-bricks.
Broom corn.

Burr or grindstones, hewn, wrought, or unwrought.
 Butter.
 Cheese.
 Coal and coke.
 Cotton-wool.
 Cotton-waste.
 Dycestuffs.
 Earths, clays, ochres, and sand, ground or unground.
 Eggs.
 Fish of all kinds.
 Fish, products of, and of all other creatures living in the waters, except fish preserved in oil.
 Firewood.
 Flax, unmanufactured.
 Flour, and meals of all kinds.
 Fruits, green or dried.
 Furs, undressed.
 Grain of all kinds.
 Gypsum, ground, unground, or calcined.
 Hay.
 Hemp, unmanufactured.
 Hides.
 Horns.
 Lard.
 Lime.
 Malt.
 Manures.

Marble, stone, slate, or granite, wrought or unwrought.
 Meats, fresh, smoked, or salted.
 Ores, of all kinds of metals.
 Pelts.
 Peas, whole or split.
 Petroleum oil, crude, refined, or benzole.
 Pitch.
 Plants.
 Poultry, and birds of all kinds.
 Rags of all kinds.
 Rice.
 Salt.
 Seeds.
 Shrubs.
 Skins.
 Straw.
 Tails.
 Tallow.
 Tar.
 Timber and lumber of all kinds, round, hewed, and sawed, unmanufactured, in whole or in part.
 Tobacco, unmanufactured.
 Tow, unmanufactured.
 Trees.
 Turpentine.
 Vegetables.
 Wool.

SCHEDULE (B), consisting of the following Agricultural Implements :—

Axes.
 Bag holders.
 Beehives.
 Bone-crushers, or parts thereof.
 Cultivators, or parts thereof.
 Chaff-cutters, or parts thereof.
 Corn-huskers, or parts thereof.
 Cheese-vats.
 Cheese factory heaters.
 Cheese-presses, or parts thereof.
 Churns, or parts thereof.
 Cattle-feed boilers and steamers, or parts thereof.
 Ditchers, or parts thereof.
 Field-rollers, or parts thereof.
 Fanning-mills, or parts thereof.
 Feed-choppers, or parts thereof.
 Forks for hay and manure, hand or horse.
 Grain-drills, or parts thereof.
 Grain broadcast sowers, or parts thereof.
 Grain-crushers, or parts thereof.

Harrows.
 Hoes, hand or horse.
 Horse-rakes.
 Horse-power machines, or parts thereof.
 Hay-tedders, or parts thereof.
 Liquid manure carts, or parts thereof.
 Manure-sowers, or parts thereof.
 Mowers, or parts thereof.
 Oil and oil-cake crushers, or parts thereof.
 Ploughs, or parts thereof.
 Root and seed planters, or parts thereof.
 Root-cutters, pulpers, and washers, or parts thereof.
 Rakes.
 Reapers, or parts thereof.
 Reaper and mower combined, or parts thereof.
 Spades.
 Shovels.
 Scythes.
 Snaths.
 Threshing machines, or parts thereof.

SCHEDULE (C), consisting of the following Manufactures :—

Axles, all kinds.
 Boots and shoes of leather.
 Boot and shoe-making machines.
 Buffalo robes, dressed and trimmed.
 Cotton grain-bags.
 Cotton denims.
 Cotton jeans, unbleached.
 Cotton drillings, unbleached.
 Cotton tickings.
 Cotton plaids.
 Cottonades, unbleached.
 Cabinet ware and furniture, or parts thereof.
 Carriages, carts, waggons, and other wheeled vehicles, and sleighs, or parts thereof.
 Fire engines, or parts thereof.
 Felt covering for boilers.
 Gutta-percha belting and tubing.
 Iron—bar, hoop, pig, puddled, rod, sheet, or scrap.
 „ nails, spikes, bolts, tacks, bracks, or sprigs.
 „ castings.
 India-rubber belting and tubing.
 Locomotives for railways, or parts thereof.
 Lead, sheet or pig.
 Leather, sole or upper.

Leather, harness and saddlery of.
 Mill, or factory, or steamboat, fixed engines and machines, or parts thereof.
 Manufactures of marble, stone, slate, or granite.
 Manufactures of wood solely, or of wood nailed, bound, hinged, or locked, with metal materials.
 Mangles, washing machines, wringing machines, and drying machines, or parts thereof.
 Printing paper, for newspapers.
 Paper-making machines, or parts thereof.
 Printing type, presses and folders, paper cutters, ruling machines, page-numbering machines, and stereotyping and electrotyping apparatus, or parts thereof.
 Refrigerators, or parts thereof.
 Railroad cars, carriages, and trucks, or parts thereof.
 Serimets of wool and cotton.
 Steam-engines, or parts thereof.
 Steel, wrought or cast, and steel plates and rails.
 Tin tubes and piping.
 Tweeds of wool solely.
 Water-wheel machines and apparatus, or parts thereof.

ARTICLE V.

It is agreed that the Canadian canals on the main route from Lake Erie to Montreal, shall be enlarged forthwith, at the expense of the Dominion of Canada, so as to admit the passage of vessels drawing twelve feet of water; and the locks on the said canals shall be made of not less than 270 feet in length, 45 feet width, and not less than 12 feet depth on the mitre sill; and that the channel of the St. Lawrence River shall be deepened in the several reaches between the canals wherever the same may be necessary, so as to allow the free passage of vessels drawing twelve feet of water. And the work engaged to be done in this Article, shall be completed by the first day of January, 1880.

ARTICLE VI.

It is agreed that the Government of Canada shall construct, on or before the first day of January, 1880, a canal to connect the St. Lawrence River, at some convenient point at or near Caughnawaga with Lake Champlain. The dimensions of said canal shall be such as to admit the passage of vessels drawing twelve feet of water, and the locks shall be of not less dimensions than those named in the preceding Article.

And the United States engage to urge upon the Government of the State of New York, to cause the existing canal from Whitehall, on Lake Champlain, to Albany, to be enlarged, and if necessary, extended, or another canal, or canals, to be constructed of equal capacity with the proposed Caughnawaga Canal as hereinbefore specified; and the navigation of the Hudson River to be improved, so as to admit the passage from Lake Champlain to the lower waters of the Hudson River, of vessels drawing twelve feet of water.

ARTICLE VII.

Citizens of the United States may, during the term of years mentioned in Article XIII of this Treaty, carry in their vessels cargo and passengers from one Canadian port to another on the great lakes or River St. Lawrence. Reciprocally, inhabitants of Canada, subjects of Her Britannic Majesty, may, during the like period, carry in their vessels cargo and passengers from one port of the United States on the great lakes or River St. Lawrence to another on the said lakes or river. Citizens of the United States in their vessels, and inhabitants of Canada, subjects of Her Britannic Majesty, in their vessels, may, during the like term, carry cargo and passengers from any port of the United States or of Canada on the Red River or the waters connecting therewith, to any other port on the said river or waters connecting therewith.

ARTICLE VIII.

It is agreed that for the term of years mentioned in Article XIII of this Treaty, the citizens of the United States shall enjoy the use of the Welland, the St. Lawrence, and other canals in the Dominion of Canada (including the proposed Caughnawaga Canal) on terms of equality with the inhabitants of the Dominion of Canada.

And that, without interfering with the right of the Government of Canada, to impose such tolls on the aforesaid Canadian canals respectively, as it may think fit, the tolls shall be levied in relation to the number of locks on each canal without any drawback or discrimination, whatever the destination of the vessels, or whether one or more canal or canals or part of a canal be passed.

And it is also agreed, that for the like term of years, the inhabitants of Canada shall enjoy the use of the St. Clair Flats Canal, on terms of equality with the inhabitants of the United States, and that the navigation of Lake Champlain and of Lake Michigan, shall be free and open for the purposes of commerce to the inhabitants of Canada, subject to any laws and regulations of the United States, or of the States bordering thereon respectively, not inconsistent with such privilege of free navigation.

And the United States further engage to urge upon the Governments of the States of New York and of Michigan, to secure to the inhabitants of Canada the use of the Erie, the Whitehall, the Sault Ste. Marie Canals, and of any enlarged, or extended, or new canal, or other improvement connecting Lake Champlain with the lower waters of the Hudson River, which may be made as contemplated in Article VI, on terms of equality with the inhabitants of the United States.

And it is mutually agreed that full power shall be given and allowed to tranship cargo from vessels into canal boats and from canal boats into vessels at either terminus of every canal.

And further, that if the use of the Erie and Whitehall, or other canal connecting Lake Champlain with the lower waters of the Hudson River and of the Sault Ste. Marie Canal, be not granted to the inhabitants of Canada, on terms of equality with the citizens of the United States as contemplated in this Article, then the use of the proposed Caughnawaga Canal by citizens of the United States, as above contemplated, shall be suspended and cease until the use of the said canals in the United States shall be secured to the inhabitants of Canada as above contemplated.

ARTICLE IX.

For the term of years mentioned in Article XIII of this Treaty vessels of all kinds built in the United States may be purchased by inhabitants of Canada, subjects of Great Britain, and registered in Canada as Canadian vessels; and reciprocally, vessels of all kinds built in Canada may be purchased by citizens of the United States, and registered in the United States as United States' vessels.

ARTICLE X.

A joint Commission shall be established and maintained at joint expense during the operation of this Treaty for advising the erection and proper regulation of all lighthouses on the great lakes common to both countries, necessary to the security of the shipping thereon.

ARTICLE XI.

A joint Commission shall also be established at joint expense and maintained during the continuance of the Treaty, to promote the propagation of fish in the inland waters common to both countries and to enforce the laws enacted for the protection of the fish and fishing grounds.

ARTICLE XII.

It is further agreed that, the provisions and stipulations of this Treaty shall extend to the Colony of Newfoundland so far as they are applicable. But if the Imperial Parliament, the Legislature of Newfoundland, or the Congress of the United States, shall not embrace the Colony of Newfoundland in their laws enacted for carrying the foregoing Articles into effect, then this Article shall be of no effect; but the omission to make provision by law to give it effect, by either of the Legislative bodies aforesaid, shall not in any way impair any other Articles of this Treaty.

ARTICLE XIII.

This Treaty shall take effect as soon as the laws required to carry it into operation shall have been passed by the Imperial Parliament of Great Britain and by the Parliament of the Dominion of Canada on the one hand, and by the Congress of the United States on the other. If such legislative assent shall not have been given within months from the date hereof, then this Treaty shall be null and void. But such legislative assent having been given, this Treaty shall remain in force for the period of twenty-one years from the date at which it shall come into operation, and further until the expiration of three years after either of the High Contracting Parties shall have given notice to the other of its wish to terminate the same; each of the High Contracting Parties being at liberty to give such notice to the other at the end of the said period of twenty-one years or at any time afterward.

ARTICLE XIV.

When the ratifications of this Treaty shall have been exchanged and the laws required to carry it into operation shall have been passed by the Imperial Parliament of Great Britain by the Parliament of the Dominion of Canada on the one hand, and by the Congress of the United States on the other hand, then Articles XXII, XXIII, XXIV, and XXV of the Treaty of May 8, 1871, between Great Britain and the United States, shall become null and void.

ARTICLE XV.

This Treaty shall be duly ratified by Her Britannic Majesty and by the President of the United States, and the ratifications shall be exchanged either at Washington or at London within months from the date hereof, or earlier, if possible.

No. 11.

The Earl of Derby to Sir E. Thornton.

Sir, *Foreign Office, July 3, 1874.*
 I HAVE received your despatch of the 17th ultimo, forwarding the amended draft Reciprocity Treaty which Mr. Fish has promised to submit to the Senate; and I have to state to you that Her Majesty's Government approve your proceedings in the matter.

I am, &c.
 (Signed) DERBY.

No. 12.

The Earl of Derby to Mr. Thornton.

(Extract.) *Foreign Office, July 3, 1874.*
 I HAVE considered the question of the revival of the Fisheries Commission in communication with Her Majesty's Secretary of State for the Colonies, who has also ascertained the views of the Canadian Government on the subject; and I have to instruct you to address a note to Mr. Fish stating that, on the understanding that the draft Reciprocity Treaty, as agreed to by him, will be considered by the Senate in December next, Her Majesty's Government will await the final result of the consideration which the Treaty may then receive in the Senate, before taking any fresh steps with regard to the Fisheries Commission.

You will add that Her Majesty's Government wish it to be clearly understood that their right to revert to the provisions of the Treaty of Washington for the appointment of the Fisheries Commission is in no way prejudiced by the delay that has occurred or may occur in consequence of the proceedings with reference to the Reciprocity Treaty.

No. 13.

Sir E. Thornton to the Earl of Derby.—(Received July 5.)

(Extract.) *Washington, June 23, 1874.*
 WITH reference to my despatch of yesterday's date, I have the honour to inform your Lordship that the draft Treaty for regulating reciprocal commercial relations between the United States and Canada was taken into consideration by the Senate yesterday afternoon in secret session. Mr. Brown and I have not yet been able to learn the precise decision which has been come to upon the subject; but we understand that the Senate, being of opinion that the time was too short to go into a thorough examination of so important a question, decided that its consideration should be postponed till the session of Congress, to be held in December next.
