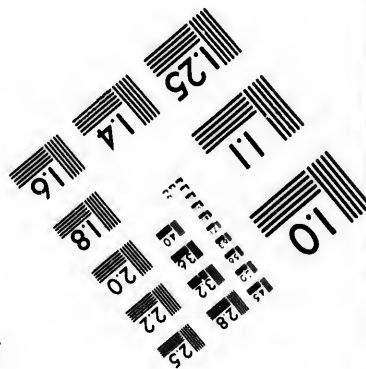
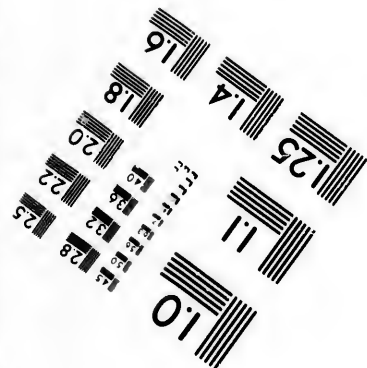
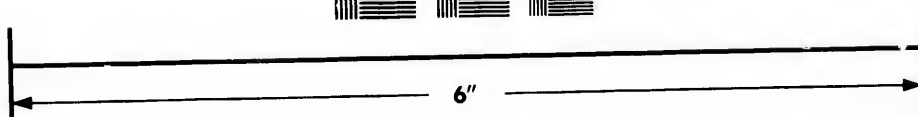
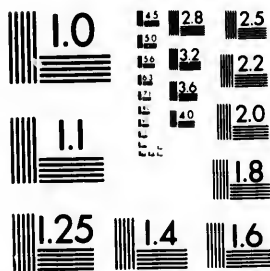


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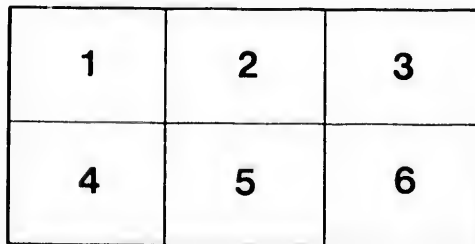
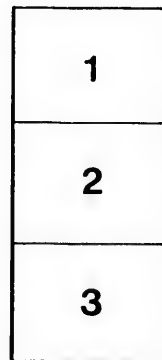
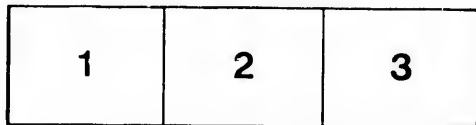
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[Private.]

MINUTE
SUBMITTED TO THE
PRESIDENT OF THE UNITED STATES
ON THE SUBJECT OF
RECIPROCAL TRADE WITH CANADA,
BY
A COMMITTEE OF THE NATIONAL BOARD OF TRADE.

At the last annual meeting of the National Board of Trade, held in Milwaukee, in August, 1877, a series of resolutions was adopted, respectfully asking the President of the United States to consider the expediency of opening negotiations for the renewal of reciprocal trade with the Dominion of Canada, and of making reference to this subject in his annual message to Congress.

These resolutions, with the report of the committee which prepared them, are presented herewith in print.

The Board had previously taken similar action at annual meetings held in St. Louis, New York, Philadelphia, and again in New York; and this action had been duly laid before President Grant and the appropriate committees of Congress. Nothing hav-

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ing been accomplished, however, the question received attention once more at the meeting in Milwaukee, and the resolutions referred to were adopted with great heartiness, and with almost absolute unanimity.

The resolutions ask that a commission may be authorized and appointed, on behalf of this Government, "to co-operate with a commission, to be appointed by the Government of Great Britain, in the negotiation of a treaty of reciprocal trade between the United States and the Dominion of Canada." This is in the line of the recommendations of the Committee on Commerce of the House of Representatives, from time to time. The Board, however, would not wish to be understood as pressing any particular method of procedure upon the administration. It is the end which it has in view; the means and methods it cheerfully leaves to the wisdom of those upon whom the responsibility of action rests.

It may be better that if negotiations are to be opened, they shall be carried on, in the usual manner, between the Secretary of State and the plenipotentiary representing the Government of Great Britain. In this case, the Board would respectfully suggest the appointment, on either side, of a commission, representing the commercial and industrial interests of the country, to sit in an advisory capacity, and to act as a medium of communication between the diplomatists engaged in the negotiation of the new treaty, and the interests to be affected by it. Such a commission, in

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either country, would both represent and influence public opinion, and would assist greatly in securing the ratification of any treaty which might be concluded by both countries.

The Board would venture a suggestion also as to the scope which should be aimed at in any treaty which it may be decided to negotiate. It is recommended that, at the outset, such concessions on both sides should be secured as are generally recognized as desirable, and as are immediately attainable, leaving it to time and experience to indicate by what methods, and to what extent, further freedom of commercial intercourse between the United States and Canada may be obtained in the future. If too much be attempted in the first place, absolute failure may follow; but let the principle of reciprocity once be recognized in the commercial intercourse between the two countries, and, by the operation of the laws of trade, this intercourse is certain to become more and more intimate, and more and more comprehensive in its scope. Canada is not yet ready for a Zollverein, perhaps not for reciprocity in the free interchange of fabrics to any considerable extent. It might have come to be so under other circumstances; and it may become so by and by, if freedom of trade between the two countries be permitted once again to get a start. Perhaps in any new treaty which may be negotiated, it might be provided that, if the period of time covered by it be, for example, twenty-one years, the contracting parties should come together at the end of the seventh and the fourteenth years,

for the purpose, not of altering anything fixed and determined already by the treaty, except, perhaps, with the consent of both, but of making more broad and complete, as might mutually be agreed on, the application of the principle of commercial reciprocity.

The National Board of Trade seeks to avoid political considerations in the discussion of the various questions which come before it. It is well aware that a government cannot always do this, when dealing with purely commercial questions; but it regards it as a misfortune when it cannot do so, as, in such instances, the commercial interest almost always suffers. In the case before us, the Board cannot help feeling that the business interests of the United States and Canada have been compromised by the introduction of political considerations, and by the unnecessary introduction of them. It would hope that the question of reciprocity may be kept free from all such complications in the future.

In this connection the Board would ask permission to make some reference to the convention of 1854, — the *Marcy-Elgin* treaty, — and to its abrogation. This treaty, at the time of its negotiation, was cordially supported by most of the prominent statesmen of the day, of both parties; but long before the expiration of the shortest period in which it was to be operative, according to its terms, all the conditions in the United States had been altered by the civil war, the entire course of trade had been changed, and the whole fiscal and monetary system of the country had been revolutionized. No wonder, then,

that, under these circumstances, some modification of the treaty was called for; yet no one, beyond a limited circle of public men, thought of putting an end to it altogether. The Hon. Thos. D. Eliot, of Massachusetts, in the course of the debates in the House of Representatives, said (May 25, 1864):—

"We have had memorials and petitions and representations and resolutions from our constituents in different parts of the country in regard to this subject, all of which have been referred to the Committee on Commerce; and I have yet to see the first one that has requested us to give notice of a peremptory abrogation of this treaty."

Perhaps the strongest opposition to the treaty, so far as its working was concerned, came from the lumber interests of Maine; yet the resolution adopted by the Legislature of that State, giving expression to the views of its people, and communicated to Congress, was as follows:—

"*Resolved*, As the sentiment of the people of Maine, that sound policy and enlarged statesmanship dictate a judicious effort to secure just and equal communication of trade between all the countries of North America; and that it is the interest of this State, as well as of the whole country, to cultivate friendly relations with the provinces of British America by such regulations as shall secure an advantageous reciprocity between the inhabitants of these provinces and the citizens of the United States; and for that end, it is the duty of the Federal Government, while abrogating the existing treaty, to propose and if possible secure such new agreements and stipulations as will remove the

objections that have been developed by experience, and more perfectly secure the objects held in view when the present treaty was entered into, said treaty having operated with peculiar hardship upon the interests of Maine."

The treaty was attacked during the debates in the two Houses of Congress, in 1861 and 1865, on the ground, chiefly, that it worked unequally, and that it did injustice in its operation to the people of the United States. If this were true, it is strange that it had so few enemies among the business men of the country. The principal Chambers of Commerce and Boards of Trade, and the Detroit Commercial Convention of 1865, were in favor of any measures which would improve it and make it more perfect; but they all protested against the abrupt and utter termination of reciprocal commercial intercourse with the British Provinces, which had been determined upon by certain influential men in Congress. The action of the Committee on Commerce of the House of Representatives, also, was, as we remember, always in favor of a modification of the treaty, never for its abrogation. When the resolution for terminating the treaty on a year's notice reached the Senate from the House, an endeavor to refer it to the Committee on Commerce was overruled, and it was sent to the Committee on Foreign Relations. The commercial bearings of the question were not recognized, and it was dealt with simply as a political measure.

It was shown over and over again, both in the congressional debates and in the reports of the various commercial bodies, that the balance of trade

and the balance of advantage in the working of the treaty were not against the United States. We need not lengthen the present paper by a recital of the facts and figures which were adduced to prove this, as they are all accessible in official documents and in other forms. It is enough now to say that they produced no impression upon the minds of those who sought the abrogation of the treaty, and for the reason that other considerations than those of a commercial nature, or than those relating to the existing finances of the country, controlled them in their action. One of these considerations, thinly veiled, but manifesting itself at almost every stage of the proceedings, had reference to the conduct of the Canadian authorities and the sympathies of the Canadian people, which, as was charged, were altogether opposed to the cause of the Union, in connection with the events of the civil war then in progress. Two extracts from the *Congressional Globe* will illustrate what we mean.

On the 11th of December, 1861, the day following that on which the vote adverse to the treaty was taken in the House of Representatives, a member who had been absent rose and asked for permission to record his vote, when the following conversation took place: —

"Mr. STEVENS, of Pennsylvania. — I would like to inquire whether it is true that the Canadian authorities have discharged all the rebels whose cases have been under investigation?"

"Mr. WASBURNE, of Illinois. — It is so stated in a despatch from Toronto.

MR. STEVENS. — Then I hope that all gentlemen who voted against the bill will change their votes, and make the passage of the bill unanimous."

When the resolution was reported back to the Senate by the Committee on Foreign Relations, Mr. Hale, of New Hampshire, spoke against it as follows: —

"This is a step that the Senate ought not to take, and particularly ought they not to take it under an excited state of feeling which exists now in consequence of what we conceive to be a great wrong inflicted on us by the authorities of some of those provinces that are particularly affected by this treaty. I know that when this treaty was negotiated, when the reciprocity principle was established, it was looked upon by the enlightened statesmen of this country and of England as an advance in the social progress of society, and as a step in the onward march which should undo the shackles of commerce, and give greater liberty and greater progress to commercial intercourse between this country and those provinces. . . . The nation is about to retrace its well-considered steps from a position which it took so long ago; and at whose instance? Not at the instance of the Committee on Commerce, although the commercial interests are those that are to be most vastly affected by it. Not at the suggestion of the Committee on Finance, from which it should have been appropriately advised, if the real reason for the measure was the one that was hinted at by the honorable senator (Mr. Sumner), — that the treaty ought to be abrogated at a time like this, when we were looking about us to find subjects of taxation to replenish and to aid our exhausted treasury. If that was the ground on which this resolution was placed, I would not say a word against it.

If it had originated from a purpose and a desire to aid the national treasury in this hour of the country's peril, to supply men or money for the gigantic effort which we are now making for national existence and national honor, I never would have said one word or one syllable against it. But that is not the ground. The Committee on Commerce have not been heard from. The Committee on Finance have not been heard from. It comes from the Committee on Foreign Relations, and therefore I think it may be considered as coming, not from the commercial nor from the financial interests, nor from those who represent those interests. . . . If you abrogate this treaty, it will be looked upon in Canada, it will be looked upon by Great Britain, and it will be looked upon in this country by some certainly, as a measure of retaliation springing out of a resentment which, I grant you, is just, for some wrongs we have suffered at the hands of these colonies."

Another consideration to which reference must be made, had relation to the strong desire felt by many public men in the United States, at that time, to bring about the annexation of British North America. This was not allowed to appear on the surface, as did the other which has been named, but perhaps it was the more potential of the two. Difficult as it may be to explain the fact, it is farther true that, incongruous as the two considerations would seem to have been, they were in many cases influential with the same individual at the same time. Of course the question of annexation could not be openly discussed on the floor of Congress; but it recurred constantly in conversation in connection with the proposed abrogation of the treaty; and the majority, probably, of those

who voted in favor of this measure entertained the belief that in some way, as the consequence of it, the annexation of Canada would be brought about. As showing the prevailing feeling of the time in political circles, it may be said that during the session of the Detroit Commercial Convention, the presiding officer received a despatch from Washington, from an ex-cabinet minister, to the following effect: —

"Sustain reciprocity, and you permanently establish monarchy in British North America; defeat it, and you insure the triumph of republicanism over this continent."

And this is only one illustration of the nature of the pressure which was made to bear on the Convention from without. The Consul-General of the United States for Canada (Mr. Potter) actually came to Detroit, and exerted himself in every possible way, without the positive sanction of Mr. Seward, we may be sure, to prevent action in favor of the renewal and modification of the treaty. In a speech in the public room of the Detroit Board of Trade, addressed to an audience composed of both Canadians and Americans, he was indiscreet enough to say that public opinion in Canada was ripe for annexation, and it needed only to destroy the treaty to make it an accomplished fact. It was in reply to this intimation, that the Hon. Joseph Howe of Nova Scotia, himself more than half American by family connections and by personal sympathy, made the following remarks: —

"I have heard it said, since I came to this Convention, that if the reciprocity treaty is annulled, the British Provinces

will be so cramped that they will be compelled to seek annexation to the United States. I beg leave to be allowed to say on that point, that I know the feeling in the Lower Provinces pretty thoroughly, and believe I am well enough acquainted with the Canadians to speak for them also, and speak for them all, with such exceptions as must be made when speaking for any entire population, when I make the assertion that no considerations of finance, no questions of balance for or against them, upon interchanges of commodities, can have any influence upon the loyalty of the inhabitants of the British Provinces, or tend in the slightest degree to alienate the affections of the people from their country, their institutions, their government, and their Queen. There is not a loyal man in the British American Provinces, no man worthy of the name, who, whatever may happen to the treaty, will become any the less loyal, any the less true to his country, on that account. There is not a man who dare, on the abrogation of the treaty, if such should be its fate, take the hustings and appeal to any constituency on annexation principles throughout the entire domain. The man who avows such a sentiment will be scouted from society by his best friends. What other treatment would a man deserve, who should turn traitor to his sovereign and his government, and violate, for pecuniary advantage, all obligations to the country which gave him birth? You know what you call copperheads, and a nice life they have of it. (Laughter.) Just such a life will the man have who talks treason on the other side of the lines. (Applause.) The very boy of mine, to whom I have alluded as having fought manfully under the stars and stripes, would rather blow his own father's brains out than haul down the honored flag under which he was born, the flag of his nation and of his fatherland. (Cheers.) I do not believe there is a young Canadian in the army, who does not honor his own flag as you

honor yours, and they would be despised if they did not. If any member of the Convention harbors the idea that, in refusing reciprocity to British America, they will undermine the loyal feelings of the people of those colonies, he is laboring under a delusion, and doing injustice to a people whose sentiment of loyalty is as indelible as your own. (Loud and continued applause.)"

We are in a position to judge to-day, twelve years or more after these earnest words were spoken, how sagacious they were and how true. On the abrogation of the treaty of 1854, and on the failure of the British Government in its efforts to open negotiations for a new one to take its place, the statesmen of Canada found it comparatively easy to carry the scheme of confederation, to which, under the continuance of reciprocity, the maritime provinces would never have consented. The colonies became a compact nation, independent in everything but name. As we determined to keep them at arm's length from ourselves, they joined more closely with each other; and as we took from them the freedom of access they had enjoyed to our markets, our routes of transportation, and our harbors, they were compelled to develop new industries designed to render them independent of us, and to seek out for themselves new markets and new routes. In this view of the subject, the termination of the treaty in the way in which it was terminated, would seem to have been a political blunder on the part of the United States. Some of us who believe that under reciprocity the Provinces would have been ready, before this, to enter

into a Zollverein with us, cannot avoid the conviction that it was no less a commercial blunder.

There were a few, among those who were most strenuous in their opposition to the treaty, who, from their knowledge of Canadian sentiment and character, were able to foresee that annexation was not going to follow, as all around them were predicting. Mr. Pike, of Maine, speaking of the "provincial," in the House of Representatives, said:—

"He may be a liberal, but he runs mad over the idea of royalty. The sentiment of devotion to the British Crown is much more intense in Cape Town or Halifax than in Pall Mall or Charing Cross, and the idea of separation from the British Government would shock the nerves of every provincial legislator this side the Atlantic, while it would be received with the utmost complacency in the imperial Parliament."

These last words, probably, were not far from the truth at the time they were spoken; but in this connection, it ought to be borne in mind that an undoubted change has been taking place of late in the colonial policy of Great Britain. Not many years ago it seemed almost a matter of indifference, both to the Government and the people in the mother country, whether the various colonial possessions permanently maintained their nominally dependent position within the empire or not. It is quite otherwise now; and the changed feeling has been strengthened by the success of confederation in British North America. It has been shown there how a group of distant dependencies, like those of South Africa and of Aus-

tralia, — constitutional colonies, as they are called, to distinguish them from the Crown colonies, — may be brought together into a federal union; and how, by this means, friction among themselves may be overcome, the relations between them and the Home Government simplified, and their position before the rest of the world made more dignified and secure. In an address delivered to a Conservative association in 1872, Lord Beaconsfield (then Mr. Disraeli), while admitting that the affairs of distant colonies could not be carried on except by self-government, expressed the opinion that the grant of self-government ought to have been accompanied by an imperial tariff, by securities to the people of England for the enjoyment of the unappropriated lands which belonged to the Sovereign as their trustee, by a military code which should have defined precisely the respective duties of the colonies and the mother country in relation to national defence, and by the institution in London of a Council representing the colonies, and communicating confidentially with the Home Government. Whether such conditions, if they could have been made, would have strengthened the tie between the mother country and the various colonies, or the reverse, and whether the vision of an united empire can ever be realized or not, we will not attempt to determine in this paper; but it seems important, in the consideration of the subject before us, that we should take notice of the direction to which the opinions of the Prime Minister of England appear to point; and that we should recognize the fact that, to

all outward view, the relations between the mother country and Canada were never so harmonious as they are to-day. The imperial sentiment is certainly very strong in the Dominion. It is probable, however, that the national or *quasi* national sentiment there, as the more practical and the less remote in its general relations, will, in the progress of time, assert itself more decidedly and become the more controlling of the two. Under such an influence, Canada will eventually see it to be for its interest to enter into a Zollverein with the United States, and the Home Government will not be likely to interpose any serious objection, — certainly it will not prohibit the arrangement in positive terms. For all this, it is believed, a new reciprocity treaty, however moderate in its immediate scope, will prepare the way.

The relations of our subject to the fishery question are mentioned in the accompanying report, and pending the result of the Halifax Commission, need not be further dwelt upon. It is enough to say that, during the debates and discussions of 1864 and 1865, it was foreseen by many of our merchants and by some of our statesmen that all the old differences of opinion between the two governments, in the definition of their respective rights on the fishing-grounds, and in reference to the construction of the old treaties, would be revived. On the abrogation of the treaty of 1851, the British Government lost no time in placing its views and its claims upon the record. In a despatch, reviewing all the later history of the treaty, addressed by Lord Clarendon to Sir Frederick Bruce, on the 17th of March, 1866, it was said: —

"By the termination of the treaty of 1854, two important and undoubted rights of this country, the enjoyment of which, through the operation of the treaty, were temporarily ceded to citizens of the United States, revert absolutely to the British Crown. Those rights are, first, the exclusive right of fishing by its subjects on the sea-coasts and shores, and in the bays, harbors, and creeks of the British possessions of North America, except in so much as certain restricted privileges may have been conceded by the convention of 1818 to American citizens; and secondly, the exclusive right of navigation by its subjects of the River St. Lawrence, and the canals communicating between the Great Lakes and the canals in Canada. With regard to the navigation of the St. Lawrence and the canals, it is not the intention of Her Majesty's Government to interfere for the present with the privileges which the citizens of the United States have enjoyed during the time the treaty has been in operation. As regards the privileges of fishing, and of landing upon the shores and coasts of Her Majesty's possessions, for the purpose of drying their nets and curing their fish, which have been enjoyed by citizens of the United States under the treaty, Her Majesty's Government are very desirous to prevent the injury and loss which may be inflicted upon the citizens of the United States by the sudden withdrawal of their privileges. They are, however (now that the treaty has come to an end), bound by the Act 59, George III, Cap. 38, as well as by the Acts of the Legislatures of New Brunswick and Nova Scotia, which have obtained the imperial sanction. By those Acts, which were only suspended during the existence of the treaty, severe penalties, extending to confiscation of their vessels, with the cargoes, tackle, stores, etc., are inflicted upon all persons, not British subjects, who shall be found fishing, or to have been fishing, or preparing to fish, within the distance of five miles of the coast of Her Majesty's possessions in North America."

It has been stated recently in an official British document, that during the negotiations which led to the Treaty of Washington, the American commissioners proposed reciprocal free trade between the United States and the Dominion, in coal, salt, iron, and lumber, in settlement of all questions of difference as to the value respectively of the fishing rights to be conceded by the two contracting parties. It is greatly to be regretted that this liberal proposal was not accepted by the British commissioners. Not only would a delicate and difficult question have been withdrawn from the diplomatic relations of the two governments, but a great advance would have been gained towards a broad and comprehensive treaty, such as the business men of the United States and of Canada so greatly desire.

In 1874 an attempt was made by the Department of State, in connection with Sir Edward Thornton, and Mr. George Brown, of Canada, to negotiate a new reciprocity treaty, and a draft was sent to the Senate, which was tacitly rejected, although no action upon it, for or against, was ever taken. The terms of this draft treaty did not satisfy the merchants and manufacturers of the United States, or of Canada, or of Great Britain. If these interests could have been represented, even informally, during the preparation of the treaty, perhaps the result might have been more satisfactory.

It was John Randolph, we believe, who sneered at what he called "counting-house administrations." The people of the United States, to-day, have no sym-

pathy with any such feeling; what he deprecated, they desire, and believe that they now possess. The National Board of Trade, speaking for the business men, cheerfully leaves the question of reciprocal trade with Canada, and other great commercial and financial measures, in the hands of President Hayes and his administration, and confidently anticipates such wise action as will promote the best material interests of our beloved and now united country.

In behalf of the Committee on Reciprocity of the National Board of Trade.

FREDERICK FRALEY,

OF PHILADELPHIA,

(*President of the Board*),

Chairman.

HAMILTON A. HILL,

OF BOSTON,

Secretary.

WASHINGTON, Nov. 7, 1877.

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