

CORRESPONDENCE

RESPECTING THE

TERMINATION OF THE RECIPROCITY TREATY

OF

JUNE 5, 1854,

BETWEEN THE

UNITED STATES AND GREAT BRITAIN.

Presented to both Houses of Parliament by Command of Her Majesty.
1866.

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Correspondence respecting the Termination of the Reciprocity
Treaty of June 5, 1854, between the United States and
Great Britain.

No. 1.

Mr. Adams to Earl Russell.—(Received March 17.)

My Lord, *Legation of the United States, London, March 17, 1865.*
~~UNDER~~ UNDER instructions from the Government of the United States, I have the honour to transmit to your Lordship a certified copy of a joint Resolution of the Congress of the United States, approved by the President on the 18th of January, 1865, in regard to the termination of the Treaty concluded between the United States and Her Britannic Majesty on the 5th of June, 1854, commonly known as the Reciprocity Treaty.
I have the honour further to inform you that I am directed to notify Her Majesty's Government that, as it is consistent no longer for the interests of the United States to continue this Treaty in force, it will terminate and be of no further effect, as provided by the terms of the instrument, at the expiration of twelve months from the date of the reception by your Lordship of this notice.

I pray, &c.
(Signed) CHARLES FRANCIS ADAMS.

Inclosure in No. 1.

(Public Resolution No. 5.)

*Joint Resolution providing for the Termination of the Reciprocity Treaty of June 5, 1854,
between the United States and Great Britain.*

WHEREAS it is provided in the Reciprocity Treaty concluded at Washington the 5th of June, 1854, between the United States, of the one part, and the United Kingdom of Great Britain and Ireland, of the other part, that this Treaty "shall remain in force for ten years from the date at which it may come into operation, and, further, until the expiration of twelve months after either of the High Contracting Parties shall give notice to the other of its wish to terminate the same;" and whereas it appears by a Proclamation of the President of the United States, bearing date 16th March, 1855, that the Treaty came into operation on that day; and whereas, further, it is no longer for the interests of the United States to continue the same in force; therefore—

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, that notice be given of the termination of the Reciprocity Treaty, according to the provision therein contained for the termination of the same; and the President of the United States is hereby charged with the communication of such notice to the Government of the United Kingdom of Great Britain and Ireland.

Approved, January 18, 1865.

No. 2.

Earl Russell to Mr. Adams.

Sir,

Foreign Office, March 17, 1865.

I HAVE the honour to acknowledge the receipt of your letter of this day, containing a Resolution of the Congress of the United States, approved by the President, in regard to the termination of the Treaty of 1854, commonly known as the Reciprocity Treaty.

Her Majesty will instruct Sir Frederick Bruce on his proceeding to Washington as Her Majesty's Envoy Extraordinary, upon this subject.

I am, &c.
(Signed) RUSSELL.

No. 3.

Earl Russell to Sir F. Bruce.

(Extract.)

Foreign Office, March 24, 1865.

THERE can be no doubt that the operation of the Reciprocity Treaty has been mutually beneficial to both the Contracting Parties.

Consulting first the statistical returns, we find that the Secretary of the Treasury of the United States reports that the total imports into the British Provinces from the United States were, in 1827, 445,118 dollars, and the exports from those provinces to the United States 2,830,674 dollars; total trade, 3,275,792 dollars.

It is stated by the Select Committee of the Chamber of Commerce of New York that the whole value of exports and imports between the United States and the British North American Provinces was in 1849, 6,000,000 dollars, and had grown slowly up to that amount. We find stated on the same authority—

								1854.	
									Dollars.
Imports into Canada	..	..	..	..	..	..	..	15,583,098	
Exports from Canada to the United States	..	..	..	..	..	..	..	8,649,002	
								1855.	
									Dollars.
Imports	..	..	..	..	..	..	..	20,828,676	
Exports	..	..	..	..	..	..	..	16,737,277	
								1863.	
									Dollars.
Imports	..	..	..	..	..	..	..	23,109,362	
Exports	..	..	..	..	..	..	..	22,534,075	

There cannot well be a greater proof of the benefits of this commerce to both parties.

It is true that the Committee states that the balance of trade in regard to goods duty free was in ten years upwards of 42,000,000 dollars against the United States, and in regard to manufactured goods, upwards of 88,000,000 dollars in favour of the United States.

But there is no necessity of discussing views founded on the theory of the balance of trade. If the United States took in ten years goods duty free to the value of 42,000,000 more than they sent to Canada, it was that the inhabitants of the United States wanted these goods for their own use and enjoyment. So, likewise, if Canada took in ten years 88,000,000 dollars worth of duty-paying manufactures, &c., more than they exported to the United States, it was because the inhabitants of Canada wanted these goods for their own use and enjoyment, and were willing to pay the price demanded for them. Both countries have profited by this intercourse.

But other very great advantages have been derived from the Reciprocity Treaty. Before the conclusion of that Treaty frequent disputes arose respecting the sea fisheries, and men-of-war, British and American, were employed to adjust those disputes. Those disputes will probably arise anew if the Treaty is abrogated.

The free navigation of the St. Lawrence by the Americans, and the use of the American railroads by the Canadians during winter, are also consequences of the Reciprocity Treaty.

Upon the whole, the States immediately interested and bordering on the British provinces have come to the conclusion that, as a Treaty of Friendship and of Commerce, the Reciprocity Treaty has been eminently beneficial to both countries.

Thus, the New York Committee of the Chamber of Commerce say: "On the whole, then, the Committee has come to the conclusion that the large majority of the people of British North America, as well as of the States most interested in the subject, are in favour of a renewal and modification of the Reciprocity Treaty, in order to retain its benefits."

The Boston Report of a Special Committee of the Boston Board of Trade contains the following passages:—

"In the place of barred and bolted ports, the people of the United States and of the Colonies now, and under the Reciprocity Treaty, deal with one another at will, exchange without Customs even the 'wealth of seas' and the principal raw staples of the soil; mingle as if of the same nation on all fishing grounds, and as if of the same nation, too, use the St. Lawrence and the canals which connect it with the most distant of the great lakes and with the ocean. True, in this happy condition of things there are some grave evils to lament and to correct; yet we are still to rejoice that the inhuman restrictions which existed for nearly half a century have been removed. And now! are the misunderstandings of the moment to be cherished, and to terminate at last in utter alienation and hatred? Is retaliatory legislation to be revived on both sides?"

* * * * *

"Finally, we are amazed at the efforts to abrogate the Reciprocity Treaty of June 5, 1854, without an overture for negotiation. We had supposed that in commercial freedom, and of consequence in the promotion of human brotherhood, there is no recession. Is the case before us to stand in history as an exception?"

Next we find in the Report of a debate at Detroit the following statements:—

"MICHIGAN.

"Detroit Board of Trade, December 7, says:—The only action necessary on the part of our Government is to allow the present Treaty to stand until Commissioners appointed by it and the British Colonies of North America agree on whatever alterations may be deemed advisable, and mutually just and beneficial."

"ILLINOIS.

"Chicago Board of Trade, February 10, 1862, states that the 'Treaty has been of great value to the producing interest of the whole north-west.' Says that 'we should not check the energy nor circumscribe the industry of our country; but take a broad national view of the question, and firmly advocate the principle of the greatest good to the greatest number. Cannot recommend any measure that will in the least cripple the energies of our people, but cheerfully advocate the revision of the Treaty if any of its parts are unjust or oppressive.' 'What we desire is to make our trade still more reciprocal, still more free with our Canadian neighbours.'"

"WISCONSIN.

"Chamber of Commerce at Milwaukee, January 13, 1864, desires 'such action as shall result in securing a new Treaty, founded upon the true principles of reciprocity between the two Governments and the people of both countries, and which shall obviate the objections and inequalities existing in the present Treaty, and be upon a more liberal and enlarged basis.'"

"MINNESOTA.

"Memorial of the Chamber of Commerce at St. Paul, referred to the Committee on Commerce, February 5, 1862, invokes the 'sober second thought' of the country on the subject of our continental policy; reiterates the uniform utterance of the authorities and citizens of Minnesota 'in anticipating an adjustment of the relations of the United States and all the British provinces on this Continent on a basis of mutual interest and goodwill;' does 'not deny the expediency of a revision of existing stipulations, but always in the interest of further freedom, not additional restriction of commercial intercourse.' . . . From these several expressions of sentiment touching our commercial relations with our neighbours, we look for an amended Treaty that shall correct any imperfections that time has shown to exist

in the present Treaty, and, at the same time, secure and extend the real benefits that have already accrued to both countries under the existing Treaty."

Her Majesty's Government are quite willing to reconsider the Reciprocity Treaty in conjunction with the Government of the United States, to negotiate for a renewal of it, and so to modify its terms as to render it, if possible, even more beneficial to both countries than it has hitherto been.

But before any modifications of that Treaty can be considered, Her Majesty's Government must be informed whether the notice given by Mr. Adams, in terms so peremptory, is intended to put an end to the Treaty, or whether it leaves open the door to negotiation.

In the former case Her Majesty's Government can only regret that relations which, by conciliatory communications, might be rendered more intimate, more friendly, and more beneficial, should be broken and interrupted by the Government of the United States.

In the latter case you will ask Mr. Seward to inform you in detail of the points upon which modification of the Treaty is desired. You will, in this case, communicate with the Governor-General of Canada, as well as report to Her Majesty's Government, before you express any opinion to Mr. Seward upon the suggestions he may make.

No. 4.

Mr Burnley to Earl Russell.—(Received March 25.)

(Extract.)

Washington, March 9, 1865.

MR. SEWARD requested me to say to your Lordship that, with a view of still further inaugurating a more friendly policy with Her Majesty's Government, they were perfectly willing, as the season advanced, to enter into negotiations for a remodelling of the Reciprocity Treaty on terms which might prove, he hoped, advantageous and beneficial to both parties.

I communicated by to-day's mail with the Governor-General of Canada on the subject.

No. 5.

Sir F. Bruce to Earl Russell.—(Received June 23.)

(Extract.)

Washington, June 7, 1865.

THE illness of Mr. Seward and the pressure of business thrown upon this Government by the assassination of the President and the sudden collapse of the Confederate Government, have made it impossible to execute hitherto your Lordship's instructions to obtain a statement of the points in the Treaty which the United States wish to submit to fresh negotiation.

No. 6.

Earl Russell to Sir F. Bruce.

Sir,

Foreign Office, July 8, 1865.

I HAVE to acquaint you that the Secretary of State for the Colonies has suggested, and I have expressed my concurrence in the suggestion, that the Governors of the Lower Provinces of British North America should be placed in communication with you, in order that they may furnish you with such information as you may require when the negotiation for a renewal of the Reciprocity Treaty takes place.

I am, &c.
(Signed) RUSSELL.

No. 7.

Sir F. Bruce to Earl Russell,—(Received October 10.)

My Lord,

Washington, September 23, 1865.

I HAVE the honour to inclose a copy of a valuable Report from Mr. Consul Wilkins on the proceedings of the Trade Convention at Detroit, and on the causes which have influenced this country in the course they have pursued with reference to the Reciprocity Treaty.

Your Lordship will see that they are mainly of a political character.

I have, &c.

(Signed) FREDERICK W. A. BRUCE.

Inclosure in No. 7.

Consul Wilkins to Sir F. Bruce.

(Extract.)

St. Louis, September 7, 1865.

I HAVE endeavoured to ascertain the proper value to be attached to the Convention which met at Detroit in July last, and in which the deliberations regarding the Reciprocity Treaty with Canada assumed great prominence.

It has been my full intention to have reported, for your Excellency's information, the results of my observation, but I have been unable to do so because I have been disappointed in meeting those persons on whose information I thought I could rely in order to form a safe opinion.

Moreover, I had been promised copies of the proceedings of the Convention in a pamphlet form, which have not yet been issued. I therefore do not delay any longer in expressing to your Excellency my opinion that that Convention has assumed, both in the British and American press, an importance not due to it.

Your Excellency must clearly understand this last remark applies especially to those States west of Detroit, which, during the negotiations for, and ratification of the present Treaty, had little commercial influence, and whose representation in the Federal Congress was but small to what it is at present.

The present condition, therefore, of the valley of the Mississippi States is its normal condition as regards the present Treaty.

These States are composed of the cities which are the shipping points, and the agricultural districts tributary to them.

As regards either, I most confidently affirm that no opinion whatever has been formed on the merits of the question by the public.

A short time since I had a conversation with a member of Congress, and a remark which he made to me seems very pertinent, which was to this effect: "that people do not know what is good for their own interests until they have felt the want, and that it might be that the powerful interests in New York State might prevent a re-negotiation or a continuance of the Treaty, and that its abrogation would probably make the West think for themselves."

The best evidence I can give of the truth of this remark is that a member of the Chicago delegation complained to me of two things:—

1st. That he, for one, and he believed many of his colleagues, went to that Convention entirely unprepared to discuss the bearings of so important a question to the West as that presented by the abrogation of the Reciprocity Treaty; and,

2ndly. That if they had been prepared, no basis had been agreed upon on which the Representatives of the different sections of the country affected by the Treaty should vote. Therefore, it could scarcely be expected that national feeling should be correctly reflected by any resolutions which were then acceded to.

The Convention was originally called by the Board of Trade at Detroit, moved thereto partly, I am informed, by persons who had invested capital in Canada across the Detroit river, and who knew that the abrogation of the Treaty would affect their individual interests by probably causing the Canadian Legislature to impose a tax on the imported raw material used in the manufactories.

The mercantile and shipping interests at Buffalo and a portion of New York State believe that the existence of the Treaty is adverse to them.

Indeed, so strongly is this feeling marked, that for years past the cry of aboli-

tion of Treaty arrangements with Canada has been used by politicians for their own advancement.

It will therefore be perceived that whilst in the Detroit Convention the Chicago and Western Delegates went either indifferent or unprepared, those from New York State, made up of politicians and merchants, had been well educated in the school of opposition.

On behalf of the latter, it was argued that no Treaty should be made with unfriendly people, and hints were thrown out that annexation of Canada to the United States must follow the abrogation of the Treaty.

I found also that the merchants of New York State urged on the Chicago Delegates that even if the Treaty were a benefit to the West, the injury it inflicted on their best customers was of greater moment than the value it was to them.

But it must be understood that whilst I do not consider the proceedings of this Convention, as representing national views, are important, yet their value can scarcely be estimated as having had the effect of directing the public attention to the great importance of the question in the Western States.

I visited the Board of Trade several times and saw the merchants in the city. It was one general topic of discussion at that time, and although I was by no means surprised to find a bitterness against Canada very general, I certainly was surprised to hear the abrogation of the Treaty defended on the ground that it was disadvantageous to the West.

No. 8.

Sir F. Bruce to Earl Russell.—(Received November 20.)

My Lord.

Washington, November 6, 1865.

ON seeing the inclosed notification in the newspapers, I thought it advisable to ask Mr. Seward whether it was merely an administrative measure called for by the approaching expiration of the Reciprocity Treaty, or was intended to be a declaration of the Government against the renewal of the Treaty.

Mr. Seward stated that he was glad I had asked him the question in order that the import of the notification might not be misapprehended. He said that the question of the Treaty remained exactly as it was, and that the notification was not based on any action of the Cabinet, but was issued by the Secretary of the Treasury as an administrative act which could not be legally deferred.

I have, &c.

(Signed) FREDERICK W. A. BRUCE.

Inclosure in No. 8.

Circular to Collectors of Customs and others.

Treasury Department, October 20, 1865.

I HAVE received information from the Secretary of State that official notice was delivered by our Minister at London, on the 17th of March, 1865, at 2 o'clock P.M., to the British Government, of the termination of the Reciprocity Treaty between the United States of America and Her Britannic Majesty, concluded the 5th of June, 1854, in conformity with the provisions of the said Treaty, and of the joint Resolution of Congress, approved January 18, 1865.

You are hereby instructed that the operation of the Treaty will cease on the expiration of twelve months from the time at which the notice was given.

(Signed) HUGH McCULLOCH,
Secretary of the Treasury.

Sir F. Bruce to the Earl of Clarendon.—(Received December 16.)

(Extract.)

Washington, December 4, 1865.

MR. GALT arrived here from Canada, and passed three days at Washington, for the purpose of ascertaining the course it was best to pursue with reference to the Reciprocity Treaty.

It has been suggested, as this question would be brought before the Committee of Finance in connection with revenue arrangements, that the attempt should be made to obtain resolutions recommending the extension of the period allowed for the determination of the Treaty beyond the month of March, on the ground that the financial arrangements required by the new state of things would not be completed. These resolutions could be passed by a bare majority instead of a two-third vote; and as the subject would not be presented to Congress in a political shape by the Government, this course is thought more likely to be successful.

After mature consultation Mr. Galt and myself agreed that it would be advisable to try the course above suggested, and he will attend at Washington, if requested to do so by the Committee, in order to give explanations tending to prove the expediency of delay before determining the present arrangements.

We further agreed that it would be inexpedient to make any official overture on the Reciprocity Treaty until the experiment of obtaining an extension has been tried, or until there is reason to believe that the United States' Government would profess, in reply, a readiness to negotiate.

The Secretary of the Treasury appears to be hostile to the exemptions from duty secured by the Treaty. He argues that by mutual legislation the requirements of the trade between the United States and the provinces could be met.

Mr. Galt observes, that if time were afforded to carry the Confederation, perhaps it might be effected; but that it was impossible, as long as the provinces had distinct Legislatures, to expect similarity of legislation.

No. 10.

The Earl of Clarendon to Sir F. Bruce.

(Extract.)

Foreign Office, January 13, 1866.

I HAVE been in communication with the Secretary of State for the Colonial Department on the subject of your despatch of the 4th ultimo, regarding the course which it may be desirable for Her Majesty's Government to pursue in view of the termination of the Reciprocity Treaty of 1854 between this country and the United States.

Mr. Cardwell has expressed an opinion, in which I concur, that it is not advisable that you should be instructed to propose to the Government of the United States the Articles of a fresh Treaty at the present moment; but that it would be desirable that you should take any measures in your power to obtain the continuance for a time of the present Treaty; or, failing in that object, that you should receive, for the consideration of Her Majesty's Government, any proposals which the Government of the United States might wish to make.

I have accordingly to instruct you to take such steps as may appear most expedient to you for procuring a prolongation of the Treaty; and you will communicate with the Government of Canada on this subject, who will doubtless inform you of the nature of any suggestions which the Council appointed by the British North American provinces may submit to Her Majesty's Government in regard to it.

No. 11.

Sir F. Bruce to the Earl of Clarendon.—(Received February 26.)

My Lord,

Washington, February 11, 1866.

YOUR Lordship is aware that in view of the opposition manifested in this country to the renewal of the Reciprocity Treaty, it was decided that an attempt

should be made, by conferences with the Revenue Commissioners and the members of the Finance Committee of the House of Representatives, to come to an understanding on the fiscal and commercial questions that would arise on its abrogation. By this course it was hoped that such a basis might be laid for reciprocal legislation as would prevent the commercial interests which have grown up under the Treaty from material injury, and as the Legislatures of the different provinces might be inclined to accept.

With this object Delegates from Canada, New Brunswick, and Nova Scotia proceeded to New York, and put themselves in communication with the Revenue Commission. The subject was discussed at considerable length, the Chairman, Mr. Welles, being in favour of the negotiation of a new Treaty, and of such equitable and mutual arrangements as would tend to discourage smuggling, and would place on an equality the producers of the same articles on the opposite sides of the frontier between the United States and the Provinces.

On arriving at Washington the Delegates met with a friendly reception from Mr. McCulloch, the Secretary of the Treasury, and by him were placed in communication with the Finance Committee, of which Mr. Morrill is Chairman. They were able to impart much valuable information on the magnitude of the commercial interests involved, and the impression produced by their statements led them to hope that the scale of duties to be imposed would be adopted with a view to revenue, and that the protection afforded to the American producer would not exceed what was required in order to place him on an equality with his provincial competitors. They considered that these objects would be attained by a scale of duties calculated at 10 per cent.

These hopes unfortunately were not realised, as your Lordship will gather from the inclosures to this despatch, and as the Delegates were of opinion that there was no immediate prospect of such an arrangement being made as they could expect to carry through their Legislatures, they preferred leaving the question to be dealt with by the Committee without coming under pledge as to the course that would be taken in the provinces.

I am inclined to think that, independently of the strong party in Congress which adopts the Protectionist theory, the desire to impose exorbitant duties may be attributed in part to a feeling that the extent of the operation of the Internal Revenue Law on the industry of the country is very imperfectly understood. The Report of the Revenue Commission shows that even the present high tariff does not place the American producer on a level with the foreign manufacturer. I judge from conversations I have had with some of the leading financiers that they feel the disadvantage under which their uncertainty on this point placed them, and I am not without hopes that further investigation will be called for by the Committee, and more equitable arrangements adopted, if it turns out that the duties proposed will be prohibitory.

The exclusion of the Southern Representatives, however, throws an exceptional power in such matters into the hands of the Protectionists of the north and centre of the country, and their ranks are swelled by the agriculturists of the North-Western States, who dread the competition of the wheat and barley growers of Canada.

I have, &c.
(Signed) FREDERICK W. A. BRUCE.

Inclosure 1 in No. 11.

The Provincial Delegation to Sir F. Bruce.

Sir,

Washington, February 7, 1866.

WE have the honour to inform your Excellency that our negotiations for the renewal of a reciprocal trade with the United States have terminated unsuccessfully. You have been informed from time to time of our proceedings, but we propose briefly to recapitulate them.

On our arrival here, after consultation with your Excellency, we addressed ourselves, with your sanction, to the Secretary of the Treasury, and we were by him put in communication with the Committee of Ways and Means of the House of Representatives. After repeated interviews with them, and on ascertaining that no renewal or extension of the existing Treaty would be made by the American autho-

rities, but that whatever was done must be by legislation, we submitted, as the basis upon which we desired arrangements to be made, the inclosed paper, marked A.

In reply, we received the Memorandum from the Committee, of which a copy is inclosed (B). And finding, after discussion, that no important modifications in their views could be obtained, and that we were required to consider their proposition as a whole, we felt ourselves under the necessity of declining it, which was done by the Memorandum (also inclosed) C.

It is proper for us to explain the grounds of our final action.

It will be observed that the most important provisions of the expiring Treaty relating to the free interchange of the products of the two countries were entirely set aside, and that the duties proposed to be levied were almost prohibitory in their character. The principal object for our entering into negotiations was therefore unattainable, and we had only to consider whether the minor points were such as to make it desirable for us to enter into specific engagements.

These points are three in number. With regard to the first, the proposed mutual use of the waters of Lake Michigan and the St. Lawrence, we considered that the present arrangements were sufficient, and that the common interests of both countries would prevent their disturbance. We were not prepared to yield the right of interference in the imposition of tolls upon our canals. We believed, moreover, that the privilege allowed the United States of navigating the waters of the St. Lawrence was very much more than an equivalent for our use of Lake Michigan.

Upon the second point, providing for the free transit of goods under bond between the two countries, we believe that in this respect, as in the former case, the interests of both countries would secure the maintenance of existing regulations.

Connected with this point was the demand made for the abolition of the free ports existing in Canada, which we were not disposed to concede, especially in view of the extremely unsatisfactory position in which it was proposed to place the trade between the two countries.

On both the above points we do not desire to be understood as stating that the existing arrangements should not be extended and placed on a more permanent basis; but only that, taken apart from the more important interests involved, it did not appear to us at this time necessary to deal with them exceptionally.

With reference to the third and last point, the concession of the right of fishing in provincial waters, we considered the equivalent proposed for so very valuable a right to be utterly inadequate. The admission of a few unimportant articles free, with the establishment of a scale of high duties as proposed, would not, in our opinion, have justified us in yielding this point.

While we regret this unfavourable termination of the negotiations, we are not without hope that, at no distant day, they may be resumed with a better prospect of a satisfactory result.

We have, &c.

(Signed)

W. GALT, *Minister of Finance, Canada.*

W. P. HOWLAND, *Postmaster-General, Canada.*

W. A. HENRY, *Attorney-General, Nova Scotia.*

A. J. SMITH, *Attorney-General, New Brunswick.*

Inclosure 2 in No. 11.

Memorandum A.

THE trade between the United States and the British provinces should, it is believed, under ordinary circumstances, be free in reference to their natural productions; but as internal taxes exceptionally exist in the United States, it is now proposed that the articles embraced in the Free List of the Reciprocity Treaty should continue to be exchanged, subject only to such duties as may be equivalent to that internal taxation. It is suggested that both parties may add certain articles to those now in the said list.

With reference to the fisheries and the navigation of the internal waters of the Continent, the British provinces are willing that the existing regulation should continue in effect; but Canada is willing to enter into engagements with the view of improving the means of access to the ocean, provided the assurance be given

that the trade of the Western States will not be diverted from its natural channel by legislation: and if the United States are not prepared at present to consider the general opening of their coasting trade, it would appear desirable that, as regards the internal waters of the Continent, no distinction should be made between the vessels of the two countries.

If the foregoing points be satisfactorily arranged, Canada is willing to adjust her excise duties upon spirits, beer, and tobacco, upon the best revenue standard which may be mutually adopted after full consideration of the subject; and if it be desired to treat any other articles in the same way, the disposition of the Canadian Government is to give every facility in their power to prevent illicit trade.

With regard to the transit trade, it is suggested that the same regulations should exist on both sides, and be defined by law. Canada is also prepared to make her patent laws similar to those of the United States.

Inclosure 3 in No. 11.

Memorandum B.

IN response to the Memorandum of the Honourable Mr. Galt and his associates, Honourable Mr. Smith, Honourable Mr. Henry, and the Honourable Mr. Howland, the Committee of Ways and Means, with the approval of the Secretary of the Treasury, are prepared to recommend to the House of Representatives, for their adoption, a law providing for the continuance of some of the measures embraced in the Reciprocity Treaty, soon to expire, viz.: For the use and privileges enjoyed now under the said Treaty in the waters of Lake Michigan, provided that the same rights and privileges are conceded to the citizens of the United States by Canada in the waters of St. Lawrence and its canals as are enjoyed by British subjects, without discrimination as to tolls, and charging rates proportional to canal distance; also for the free transit of goods, wares, and merchandize in bond, under proper regulations, by railroad across the territory of the United States to and from Portland and the Canada line; provided equal privileges shall be conceded to the United States from Windsor or Port Sarnia, or other Western points of departure to Buffalo or Ogdensburg, or any other points eastward, and that the free ports established in the provinces shall be abolished; also that the bounties now given to American fishermen shall be repealed, and duties not higher imposed upon fish than those mentioned in Schedule A, providing that all the right of fishing near the shores existing under the Treaty heretofore mentioned shall be granted and conceded by the United States to the provinces, and by the provinces to the United States.

It is also further proposed that the following list of articles shall be mutually free, viz.: Burr millstones, unwrought; cotton and linen rags, firewood, grindstones rough or finished; gypsum, or plaster, unground.

SCHEDULE A. Fish—Mackerel, 1 dollar 50 cents per barrel; herring, pickled or salted, 1 dollar per barrel; salmon, 2 dollars 50 cents per barrel; shad, 2 dollars per barrel; all other fish, pickled, 1 dollar 50 cents per barrel; provided that any fish in packages other than barrels shall pay in proportion to the rates charged upon similar fish in barrels. All other fish $\frac{1}{2}$ cent per lb.

As to the duties which will be proposed upon the other articles included in the Treaty, the following are submitted, viz.: Animals living, of all sorts, 20 per cent. *ad valorem*; apples and garden fruit and vegetables, 10 per cent. *ad valorem*; barley, 15 cents per bushel; beans, except vanilla and castor oil, 30 cents per bushel; beef, 1 cent per lb.; buckwheat, 10 cents per bushel; butter, 4 cents per lb.; cheese, 4 cents per lb.; corn (Indian) and oats, 10 cents per bushel; cornmeal (Indian) and oatmeal, 15 cents per bushel; coal (bituminous), 50 cents per ton; all other coal, 25 cents per ton; flour, 25 per cent. *ad valorem*; hams, 2 cents per lb.; hay, 1 dollar per ton; hides, 10 per cent. *ad valorem*; lard, 3 cents per lb.; lumber (pine), round or log, 1 dollar 50 cents per 1,000 feet; pine, sawn or hewn, 2 dollars 50 cents per 1,000 feet; planed, tongued, and grooved or finished, 25 per cent. *ad valorem*; spruce and hemlock, sawed or hewn, 1 dollar per 1,000 feet; spruce planed, finished, or partly finished, 25 per cent. *ad valorem*; shingle bolts, 10 per cent. *ad valorem*; shingles, 20 per cent. *ad valorem*; all other lumber—of black walnut, chestnut, bass, white wood, ash, oak, round, hewn, or sawed, 20 per cent. *ad valorem*; if planed, tongued, and grooved, or finished, 25 per cent. *ad valorem*; ores, 10 per cent. *ad valorem*; peas, 25 cents per bushel; pork, 1 cent per lb.; seed (timothy and clover),

20 per cent. *ad valorem*; trees (plant and shrub), ornamental and fruit, 15 per cent. *ad valorem*; tallow, 2 cents per lb.; wheat, 20 cents per bushel.

Inclosure 4 in No. 11.

Memorandum C.

Washington, February 6, 1866.

IN reference to the Memorandum received from the Committee of Ways and Means, the Provincial Delegates regret to be obliged to state that the proposals therein contained in regard to the commercial relations between the two countries are not such as they can recommend for the adoption of the respective Legislatures. The imposts which it is proposed to lay upon the productions of the British provinces on their entry into the markets of the United States, are such as, in their opinion, will be in some cases prohibitory, and will certainly seriously interfere with the natural course of trade. These imposts are so much beyond what the delegates conceive to be an equivalent for the internal taxation of the United States, that they are reluctantly brought to the conclusion that the Committee no longer desire the trade between the two countries to be carried on upon the principles of reciprocity. With the concurrence of the British Minister at Washington, they are therefore obliged respectfully to decline to enter into the engagement suggested in the Memorandum; but the present views of the United States may soon be so modified as to permit of the interchange of the productions of the two countries upon a more liberal basis.

No. 12.

Mr. Elliot to Mr. Hammond.—(Received March 7.)

Sir,

Downing Street, March 6, 1866.

I AM directed by Mr. Secretary Cardwell to transmit to you, for the consideration of the Earl of Clarendon, the accompanying copy of a despatch from the Governor of Canada, inclosing a copy of a Proclamation warning all citizens of the United States that their right to fish in the inshore waters of Canada will cease with the termination of the Reciprocity Treaty on the 17th of March.

I am, &c.

(Signed) T. FREDK. ELLIOT.

Inclosure 1 in No. 12.

Viscount Monck to Mr. Cardwell.

Sir,

Government House, Montreal, February 19, 1866.

I HAVE the honour to transmit, for your information, a copy of a Proclamation warning all citizens of the United States that their right to fish in the inshore waters of Canada will cease with the termination of the Reciprocity Treaty on the 17th of March.

I have, &c.

(Signed) MONCK.

Inclosure 2 in No. 12.

Proclamation.

Province of Canada.

VICTORIA, by the grace of God, of the United Kingdom of Great Britain and Ireland Queen, Defender of the Faith, &c.

To all to whom these presents shall come, or whom the same may concern, greeting.

Whereas a certain Treaty was made between Her Majesty and the United States of America on the 5th of June, 1854, providing for reciprocal trade:

And whereas the United States of America have, in accordance with the terms of the said Treaty, given notice for the termination thereof; and whereas in consequence of such notice the said Treaty will expire on the 17th day of March, 1866:

And whereas under the said Treaty many persons, citizens of the United States of America, have invested moneys and fitted out ships for the purpose of carrying on the (inshore) fisheries within the territory of Canada under the said Treaty:

And whereas they may be unaware that their right to carry on such inshore fisheries will end on the said 17th day of March:

We, therefore, in our great desire to prevent injury or loss to our loving subjects, or to the citizens of a State with which we are happily in amity, do in this our Royal Proclamation caution and warn all persons not subjects of our realm, that after the said 17th day of March next no vessels owned and manned in the United States of America can pursue the inshore fisheries without rendering themselves liable to the confiscation of their vessels, and such other penalties, pecuniary and personal, as are by law imposed.

No. 13.

Sir F. Bruce to the Earl of Clarendon.—(Received March 9.)

My Lord,

Washington, February 22, 1866.

I HAVE the honour to inclose copy of a note I addressed to Mr. Seward, stating the course Her Majesty's Government would be prepared to take if the Government of the United States were disposed to negotiate a fresh Reciprocity Treaty in the place of the one which expires on the 17th of next March.

Also a copy of Mr. Seward's reply, in which he dwells on the sentiment of Congress, and the constitutional objections to Treaties of this nature as the reasons which induce the United States' Government to decline negotiating, and to leave the question of reciprocal trade with the provinces to be dealt with as Congress may decide.

I have informed Lord Monck of the result of my communications with this Government on the subject.

I have, &c.
(Signed) FREDERICK W. A. BRUCE.

Inclosure 1 in No. 13.

Sir F. Bruce to Mr. Seward.

Sir,

Washington, February 16, 1866.

AS the Reciprocity Treaty is about to expire, I am anxious to report in a formal shape the disposition of the Government of the United States with reference to the important question of its renewal, and I therefore submit for consideration the following proposals, which embody the views of Her Majesty's Government with respect to it.

Her Majesty's Government have seen with much satisfaction the increase of the trading relations between the United States and the British provinces which has grown up under the Treaty, and the beneficial results of the stipulations it contains, by virtue of which each Contracting Party enjoys the uninterrupted use of the facilities of transport to the seaboard possessed by the other, and participates side by side in the fisheries, without restriction or interference.

Her Majesty's Government would be well content to renew the Treaty in its present form.

At the same time they are ready to reconsider the Treaty in conjunction with the Government of the United States, if such a course would be agreeable to them, and so to modify its terms as to render it, if possible, more beneficial to both countries than it has hitherto been.

If the Government of the United States should feel disposed to adopt the latter course, an arrangement of a provisional character might be entered into with a view to afford time for fresh negotiations, and I should take pleasure in submitting

to the consideration of my Government any proposal to that effect which you might do me the honour to communicate to me.

I have, &c.
(Signed) FREDERICK W. A. BRUCE.

Inclosure 2 in No. 13.

Mr. Seward to Sir F. Bruce.

Sir,

Department of State, Washington, February 17, 1866.

I HAVE the honour to acknowledge the receipt of a note which you addressed to me on the 16th instant, concerning a proposed extension of the Reciprocity Treaty. Perhaps I could not reply in any other manner more satisfactorily than I shall now do by stating anew the verbal explanations which I have had heretofore occasion to make to you upon that subject.

The character of the constitutional distribution of public affairs among the different Departments of the Government is well known. It confides commerce and national finance expressly to the Legislature.

The now expiring Reciprocity Treaty constitutes almost the only case in which the Executive Department has, by negotiation, assumed a supervision of any question of either commerce or finance. Even in that case the Executive Department did little more than to make a Treaty, the details of which had been virtually matured beforehand in the Congress of the United States, and sanction was given to the Treaty afterwards by express legislation.

The question of continuing that Treaty involves mainly subjects of the special character which I have before described.

Careful inquiry made during the recess of Congress induced the President to believe that there was then no such harmony of public sentiment in favour of the extension of the Treaty as would encourage him in directing negotiations to be opened. Inquiries made since the re-assembling of Congress confirmed the belief then adopted that Congress prefers to treat the subject directly, and not to approach it through the forms of diplomatic agreement.

In accordance with this conviction, all communications, verbal and written, upon the subject, have been submitted to the consideration of the proper Committees of Congress, and the question of extending a system of reciprocal trade with the British Provinces on our frontier awaits their decision.

I have, &c.
(Signed) WILLIAM H. SEWARD.

No. 14.

The Earl of Clarendon to Sir F. Bruce.

Sir,

Foreign Office, March 12, 1866.

HER Majesty's Government approve the note of which a copy is inclosed in your despatch of the 22nd of February, and which you addressed to Mr. Seward, stating the course Her Majesty's Government would be prepared to take if the Government of the United States were disposed to negotiate a fresh Reciprocity Treaty.

I am, &c.
(Signed) CLARENDON.

No. 15.

The Earl of Clarendon to Sir F. Bruce.

(Extract.)

Foreign Office, March 17, 1866.

IT may be necessary for me to recapitulate very shortly the steps which have been taken by Her Majesty's Government with respect to the Reciprocity Treaty between this country and the United States, which ceases to be in operation this day.

That Treaty was entered into by the two countries in order to avoid further misunderstanding between their respective subjects and citizens in regard to the extent of the right of fishing on the coasts of British North America, and in order to regulate and extend the commerce and navigation between their respective territories and peoples. The misunderstandings to which the Treaty alluded were of a grave character, and had more than once threatened to interrupt the friendly relations which it has ever been the desire of the British Government to maintain with that of the United States. They were happily put an end to by the Treaty, and for a period of nearly eleven years during its existence the subjects and citizens of the two countries have carried on their respective occupations, and have enjoyed the privileges which they have obtained under it, without any question having arisen to disturb the good understanding which had thus been established between the two Governments.

Her Majesty's Government had hoped that a state of things so advantageous to the political relations and to the commerce between the United States and Great Britain and her North American Colonies would have been allowed to continue, and that the Government of the United States would not have availed themselves of their right of terminating a Treaty which, in the opinion of Her Majesty's Government, has so well fulfilled the object for which it was entered into and has been so eminently beneficial to both the Contracting Parties. In this hope, however, Her Majesty's Government have been disappointed. On the 17th of March of last year Mr. Adams transmitted to Lord Russell a certified copy of a joint Resolution of the Congress of the United States, approved by the President, giving notice of the termination of the Treaty at the expiration of twelve months from that date, as it was considered no longer for the interests of the United States to continue the Treaty in force.

Mr. Seward, however, had informed Mr. Burnley, that with a view of inaugurating a more friendly policy with Her Majesty's Government, he was willing, as the season advanced, to enter into negotiations for a remodelling of the Treaty on terms which might prove, he hoped, advantageous and beneficial to both parties.

Her Majesty's Government, whilst deeply regretting the step which the United States had considered it advisable to take, instructed you on your arrival at Washington to state to Mr. Seward their willingness to reconsider the Treaty in conjunction with the Government of the United States, to negotiate for a renewal of it, or so to modify its terms as to render it, if possible, even more beneficial to both countries than it had hitherto been. You were further instructed to invite Mr. Seward to inform you in detail of the points upon which a modification of the Treaty was desired.

Owing to events of urgent importance, which occupied the attention of the Government of the United States, and to the serious illness of Mr. Seward, you were unable to execute Earl Russell's instructions on your arrival at Washington, and you subsequently deemed it more prudent, and thought that we should be more likely to obtain the object we had in view, if you were to defer entering into official communication with Mr. Seward on the subject.

The Governors of the British North American Colonies were not less impressed than Her Majesty's Government with the grave consequences that were to be expected from the termination of the Reciprocity Treaty, and were equally desirous either that it should be renewed or that some fresh arrangement should be made having the same objects. Mr. Galt, a member of the Canadian Government, with a view to assisting you in any negotiations which might take place for this purpose, proceeded to Washington at the end of last year, for the purpose of ascertaining the course it might be most advisable for Her Majesty's Government to pursue with reference to the Treaty. Mr. Seward then declared that there were insurmountable objections to the renewal of the Treaty, which could only be effected by a vote of two-thirds from the Senate, which it was hopeless to reckon upon. He expressed himself at the same time not unfavourable to the negotiation of a Treaty, and he suggested that as the question would be brought before the Committee of Finance in connection with revenue arrangements, an attempt should be made to obtain resolutions recommending the extension of the period allowed for the determination of the Treaty. Mr. Seward appears to have subsequently expressed the same opinion to you.

It appeared to Mr. Galt and yourself that it would be advisable to take the course suggested by Mr. Seward, and you agreed that it would be inexpedient to make any official overture on the subject of the Treaty until the experiment of

obtaining an extension had been tried, or until there would be reason to believe that the United States' Government would manifest in reply a readiness to negotiate. 17

You were accordingly instructed by me to take such steps as might appear most expedient for procuring a prolongation of the Treaty, and you were directed to communicate on the subject with the Governor of Canada.

Mr. Galt and Mr. Howland, the Postmaster-General of the Province of Canada, proceeded to Washington for the purpose of conferring with you, and of urging through you on the Government of the United States the importance of postponing the termination of the Reciprocity Treaty, so as to afford time for negotiation.

The delegates from the British North American Colonies, after repeated interviews with the Committees of Ways and Means, of which Mr. Morrill was the chairman, in which they ascertained that no renewal or extension of the existing Treaty would be made by the American authorities, but that whatever was done must be done by legislation, submitted a Memorandum to the Committee as the basis upon which they desired arrangements to be made.

This Memorandum was not accepted by the Committee, which drafted a counter-Memorandum declaring its readiness to recommend to the House of Representatives for their adoption a law providing for the continuance of some of the measures embraced in the Treaty. The delegates considered that the proposals of the Committee were unacceptable; and finding, after discussion, that no important modifications in the views of the Committee could be obtained, declined to accede to the counter-proposal, and the negotiations terminated.

As you considered, from the terms of this counter-proposal, that the Committee desired to break off negotiations and not to entertain any proposal for the continuation of the Treaty, you deemed it advisable to address a note to Mr. Seward, expressing the readiness of Her Majesty's Government to renew the existing Treaty or to reconsider the Treaty in conjunction with the Government of the United States, if such a course would be agreeable to them, and so to modify its terms as to render it, if possible, more beneficial to both countries than it had previously been. You suggested at the same time to Mr. Seward, that if the Government of the United States felt disposed to adopt the latter course an arrangement of a provisional character might be entered into with a view to afford time for fresh negotiations, and expressed your readiness to submit to the consideration of Her Majesty's Government any proposal to that effect which Mr. Seward might communicate to you. In reply, Mr. Seward stated that careful inquiry during the recess induced the President to believe that there was no such harmony of public interest in favour of the extension of the Treaty as would encourage him in directing negotiations to be opened, and that inquiries made since the re-assembling of Congress confirmed the belief that Congress preferred to treat the subject directly, and not to approach it through the forms of diplomatic agreement. All communications had accordingly been submitted to the consideration of the proper Committees of Congress, and the question of extending a system of reciprocal trade with the British provinces on the United States' frontier awaited their decision.

The attempts thus made, whether to renew the Treaty, to conclude a new one, or to extend the time for its expiration, in order to admit of negotiations, having failed, and the Treaty having now expired, it becomes the duty of Her Majesty's Government to consider what course they should pursue. 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, harbours, 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, &c., 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 three miles of the coast of Her Majesty's possessions in North America.

It becomes the duty of Her Majesty's Government and of the Governments of the respective provinces to enforce the law, and until those Acts are modified or repealed, citizens of the United States will be prohibited from fishing in British waters, from landing on British territory for the purpose of drying their nets and curing their fish, and will be subject to all the penalties which the violation of the law entails.

Under these circumstances, it has been the duty of Lord Monck to issue a Proclamation informing all persons who may be concerned of the state of the law, and warning them of the penalties that they incur by its violation.

Her Majesty's Government are not insensible to the great inconvenience and losses to which the exclusion of American citizens from privileges so long enjoyed by them, and in which capital to a considerable amount has been invested, and labour to a large extent has been employed, must unavoidably subject a great number of persons.

They fear that so long an enjoyment of those privileges may induce those who have been engaged in fishing ventures on the coasts of the British possessions to defy the law and carry on their operations, thus exposing their property to seizure and confiscation. A feeling of irritation may thus be engendered in the North-eastern States of America against the British Government and nation which Her Majesty's Government would deeply regret, and which might lead to serious misunderstandings between the two Governments.

Her Majesty's Government have the satisfaction of feeling that they have done their utmost to prevent these consequences. They have declared their readiness, and they are still prepared, to come to any arrangement with the United States, either by a continuation or a renewal of the Reciprocity Treaty, or by entering into new engagements by which the privileges hitherto enjoyed by American citizens might be still secured to them. The Government of Washington has declined to accede to these proposals.

Her Majesty's Government cannot therefore accept any responsibility for the results which they fear may arise from the termination of the Reciprocity Treaty by the act of the United States' Government themselves—results which they have done their utmost to avoid, and which, if they do occur, Her Majesty's Government will most sincerely deplore.

No. 16.

Sir F. Bruce to the Earl of Clarendon.—(Received March 28.)

(Extract.)

Washington, March 9, 1866.

YOUR Lordship is aware that a Bill has been introduced into Congress by Mr. Morrill, the Chairman of the Ways and Means Committee, which aims at imposing an exceptional scale of duties on provincial productions, with provisoes making the duration of this scale contingent on the continuance of the privileges accorded by the Reciprocity Treaty to the inhabitants of the United States, and empowering the President, if enjoyment of them is withdrawn, to put an end to the special duties in whole or in part.

There is a strong opposition to this Bill, on the ground, among others, that a power of this kind should not be confided to the Executive, and I think it will probably not pass in its present shape.

Sir F. Bruce to the Earl of Clarendon.—(Received April 1.)

(Extract.)

Washington, March 14, 1866.

THE Bill introduced by Mr. Morrill into the House of Representatives for regulating trade with the British provinces has been thrown out. The amendments introduced into it while under discussion showed that the Committee had proposed a lower scale of duties than the Houses were willing accept. The tone of debate was in favour of protection to every branch of production, and opposed to any special tariff arrangements on the northern frontier.

The failure of this Bill is not to be regretted. The duties imposed on fish and on the principal productions of Canada would not have been considered in the provinces as reasonable when compared with the advantages secured to American interests. The proviso, moreover, which empowered the President to suspend, in whole or in part, these exceptional duties, and to leave the articles to be dealt with under the provisions of the general Tariff, in the event of the provinces not continuing to the Americans the enjoyment of the rights conferred by the Reciprocity Treaty, coupled with the fact that the arrangement, being made by Bill, is capable at any moment of being altered or put an end to, introduced an element of uncertainty which would have operated prejudicially on the commercial interests affected by it.

UNITED STATES.

Correspondence respecting the Termination of the
Reciprocity Treaty of June 5, 1854, between the
United States and Great Britain.

*Presented to both Houses of Parliament by Com-
mand of Her Majesty. 1866.*
