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HISTORY OF THE  
RECIPROCITY TREATY  
OF 1854  
WITH CANADA

BY

CHALFANT ROBINSON, Ph. D.

ASSISTANT PROFESSOR OF HISTORY  
YALE COLLEGE



PRESENTED BY MR. SMOOT

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IN THE SENATE OF THE UNITED STATES,  
*May 1, 1911.*

*Ordered,* That the History of the Reciprocity Treaty of Eighteen hundred and fifty-four with Canada, by Chalfant Robinson, be printed, with accompanying illustrations, as a Senate document.

Attest:

CHARLES G. BENNETT,  
*Secretary.*

# HISTORY OF THE RECIPROCITY TREATY OF 1854 WITH CANADA.

By CHALFANT ROBINSON.

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## CHAPTER I.

### THE DIPLOMATIC HISTORY OF THE TREATY.

The treaty<sup>1</sup> entered into by the United States and by Great Britain in behalf of her North American colonies in the year 1854, offered an apparently happy solution for several vexed questions. These involved in their nature the economic, political, and financial policy of Great Britain and of the United States, as well as the local needs and prejudices of the individual States and colonies.

The treaty with England, in 1782, had specifically provided for the continuance of our rights in the fisheries as before the war. But at that time it was not known that the source of the Mississippi River did not lie within British territory. This fact was not ascertained until the commission, provided for in Jay's Treaty of 1794, had determined the northern boundary of the United States, and Great Britain was thus deprived of any right to navigate the Mississippi River, a matter of great consequence to her. When the treaty of Ghent was drawn up in 1814, at the close of the War of 1812, the fisheries were not provided for, because, it was claimed, the war had annulled any previous treaty stipulation, and a new agreement was necessary. This idea was repelled by our commissioners, but a subsequent treaty was drawn up in 1818 to provide for the fisheries. The right to the fisheries may have been withheld by Great Britain, as it has been suggested,<sup>2</sup> in order to exchange it for the free navigation of the Mississippi. At any rate the convention of 1818<sup>3</sup> had meant to compromise the opposing claims of the two Governments; that the United States *had*, and that the United States *had not* forfeited by the War of 1812 its treaty rights to take fish in the waters adjacent to the British colonies; but an ambiguous clause as to the extent of the rights defined by this convention raised an issue that for a series of years disturbed the peace of the two nations, an issue embodied in the quarrel of the British colonies with the American fishermen. This trouble caused the disputed waters to be patrolled by English and American war vessels, and so high did feeling run that frequently only the prudence of the naval commanders prevented an outbreak of hostilities.

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<sup>1</sup> Haswell's Treaties and Conventions, p. 448. 10 U. S. Stat. L., 1099. Stat. United Kingdom, 18 and 19 Vict., cap. 3.

<sup>2</sup> J. G. Blaine, Twenty Years of Congress, Vol. II, pp. 615-618.

<sup>3</sup> 59 Geo. III, cap. 38. J. G. Blaine, Twenty Years of Congress, Vol. II, pp. 615-619.

The issue<sup>1</sup> raised was whether the line, within which the Americans might not fish, should be drawn 3 miles from shore following the indentations of the coast, or 3 miles from shore drawn from headland to headland. The difference was vital. Indented as the New England and British American shores are by innumerable bays, great and small, it was a question of serious importance to the American fisherman where the line was to be drawn; for the decision would determine whether he would enjoy or be deprived of these profitable inlets as his lawful fishing grounds.

Codfishing is deep-sea fishing. It is perilous, therefore, and if pursued alone does not yield profit or even livelihood to fishermen coming from a distance. Furthermore, the fishing season is limited. But at the time when this industry is slack, the bays and inlets swarm with herring and mackerel that may be taken without danger from open boats and cured on shore,<sup>2</sup> so that a combination of the three kinds of fishing was possible, which returned good profits for the voyage; but without the privilege of entering the *bays*, the American fishermen were driven to violate the law,<sup>3</sup> or to take up other occupations on shore.<sup>4</sup>

The colonial interpretation<sup>5</sup> of the treaty was that the line should be drawn from headland to headland, a thing preposterous to the Americans, who had before this always fished in these waters unchallenged. But the provincial governments refused to make concessions, and remained obdurate,<sup>6</sup> even when Great Britain was willing to yield.

Because of this attitude of the Provinces, the United States appeared unable in any way to obtain a privilege that it very much desired, and, when year after year American fishing boats were seized by the colonial authorities, could only make protests<sup>7</sup> to Great Britain.

A change, far reaching in its results, took place in the economic policy of Great Britain in 1846. This was the free-trade movement, which, by the repeal of the British corn laws, reacted upon the trade of the North American colonies and forced them in turn to seek such commercial adjustments with the United States as the serious position of the colonies made urgent. In earlier years a differential duty by certain laws had protected grain and lumber, the great colonial staples, in the markets of Great Britain. When, however, the duty on lumber was reduced one-half<sup>8</sup> and that upon corn<sup>9</sup> was virtually

<sup>1</sup> Foreign Relations, Pt. III, 1873-74, pp. 277-286. Ex. Docs. No. 23, pp. 389-493; 32d Cong., 2d sess.; Article in North American Review, vol. 62, for full discussion of subject.

<sup>2</sup> A full treatment of this phase of the subject is given in the report of I. D. Andrews, Sen. Docs. No. 112, 1851-52. 1st sess., 32d Cong., Vol. II, pp. 39-41.

<sup>3</sup> "One of the most serious consequences of this habitual evasion of the terms of the convention of 1818, was that the American fishing vessels were obliged to place themselves in difficult and dangerous positions to avoid detection. In 1851, over 100 vessels were driven ashore on Prince Edward Island in a gale and over 300 lives lost. The fleet braved the storm rather than run for port, and thus confess their infraction of British rights."—The Reciprocity Treaty. (Prize essay) Arthur Harvey, p. 7, note (c).

The Americans never acknowledged these rights; and their treatment in British colonial ports was such that they usually preferred the high seas.

<sup>4</sup> Reports of Committees, 2d sess., 32d Cong., 1852-53; Report No. 4, p. 24.

<sup>5</sup> Ex. Docs., 2d sess., 32d Cong., vol. 3, 1852-53; H. Doc. No. 23, p. 406, sec. 2.

<sup>6</sup> North Am. Review, vol. 62, pp. 369-370, et seq.

<sup>7</sup> A list of official papers relating to the fishery dispute with Great Britain from June 25, 1823, to July 14, 1852, is found in S. Docs., 32d Cong., 1st sess., vol. 10, No. 100, pp. 3-155.

<sup>8</sup> Stat. U. K., Vol. XVIII, Pt. I, 9 and 10 Vict., cap. 23, Par. II, June 26, 1846.

All restrictions on breadstuffs were not removed until 1849. A differential duty continued on lumber until 1860.

<sup>9</sup> English *corn*—wheat.

abolished, the lumber trade was at once depressed and the trade in colonial grain was in danger of being driven from the English markets by that from countries less remote. Thus it was feared that wheat from the Canadas could no longer compete with grain from the Danube and the Black Sea and that provincial lumber could not undersell that from the Baltic. That these fears were very well grounded is shown by the tables of English imports of grain from 1844 to 1852.<sup>1</sup> With this discouraging outlook abroad the colonies, especially Canada, cast about to dispose of their agricultural and forest products in markets nearer home.

The natural market for the colonies was the United States,<sup>2</sup> but the American tariff of 1846<sup>3</sup> presented a wall over which the products of the colonies could hardly be forced. Thus, shut out of English markets because of the distance and from the American market because of the tariff, the condition of the colonies was critical in the extreme.<sup>4</sup> It was indeed plain that if the colonies were to enter the markets of the United States with their products<sup>5</sup> they must ask for some relaxation of the tariff on the part of the American Government.

The Canadian Parliament had passed, May 12, 1846, resolutions<sup>6</sup> asking Her Majesty's Government to open negotiations with the United States for the purpose of obtaining admission there for the products of Canada on the same terms on which American products should be admitted to the markets of Great Britain and Canada. Mr. Gladstone replied,<sup>6</sup> June 3, 1846, that Her Majesty's Government would readily cause directions to be given to the minister in Washington to avail himself of the earliest opportunity to press this important subject upon the notice of the American Government. So the matter rested for a time.

Yet to afford some relief to the distressed colonies, Parliament passed an act,<sup>7</sup> August 28, 1846, giving them power to regulate their

<sup>1</sup> See Appendix, Table A.

<sup>2</sup> "The near market must as a rule be the best, not only on account of the difference in freights, but in many cases on account of the perishableness of goods. It must be best for fruits, fish, vegetables, and even for poultry and eggs. It is best for horses, the breeding of which is a great Canadian industry."—Canada and the Canadian Question; Goldwin Smith, p. 291.

<sup>3</sup> Coal, firewood, fur, hemp unmanufactured, potatoes, poultry, wood unmanufactured, and wool=30 per cent.

Bacon, bark, barley, beef, corn, fish, flax, wheat flour, fruit, furs on skin, hempseed, lard, marble rough or in blocks, oats, and pitch=20 per cent. Gypsum (ground), planks, pork, scantling, skins of all kinds unmanufactured (tanned or dressed), timber (hewed or sawed), vegetables, whale bone, and oil=20 per cent.

Flax (unmanufactured), tow (flax or hemp), flaxseed=15 per cent. Grindstones, hides, and rags=5 per cent.—(U. S. Stat. L.; tariff of 1846; vol. 9, p. 42.)

<sup>4</sup> Letter of Lord Elgin: "The downward progress of events! These are ominous words. But look at the facts: Property in most of the Canadian towns, and more especially in the capital, has fallen 50 per cent in value within the past three years. Three-fourths of the commercial men are bankrupt, owing to free trade; a large proportion of the exportable produce of Canada is obliged to seek a market in the States. It pays a duty of 20 per cent on the frontier. How long can such a state of things be expected to endure? \* \* \* I am confident I could carry Canada unscathed through all these evils of transition \* \* \* If I could only tell the people of the Provinces that as regards the conditions of material prosperity they would be raised to a level with their neighbors. But if this be not achieved, if free navigation and reciprocal trade with the Union be not secured for us, the worst, I fear, will come, and that at no distant day.—(Walrond's Letters and Journals of Lord Elgin, p. 70; date not given, probably early in 1849.)

<sup>5</sup> The duty on our side on colonial and other foreign goods averages 23½ per cent on the principal articles of exportation.

The duty imposed upon our exports to Canada averages 12½ per cent. It does not differ materially, although it is somewhat lower in the other colonies.—(Reports of Committees, 2d sess. 32d Cong., H. Rept. No. 4, p. 6.)

<sup>6</sup> Mr. Crampton to Mr. Clayton, Mar. 22, 1849.—(Reports of Committees, 32d Cong., 2d sess., Rept. No. 4, p. 53; and Hopkins's Canada, p. 345.)

<sup>7</sup> Stat. U. K., Vol. XVIII, Pt. I; 9 and 10 Vict., cap. 94.

own tariff. This liberty was made use of in 1847,<sup>1</sup> when the Canadian Parliament lowered the duty on American manufactures from 12½ per cent to 7½ per cent and raised the duty on British manufactures from 5½ per cent to 7½ per cent. In this way it equalized as far as possible the conditions upon which British and American manufactured goods entered the Canadian markets. The measure was the more important when we consider that previous to this time, agreeable to the traditional colonial policy of Great Britain, there had been heavy discriminating duties favoring the mother country. These duties were now lowered as a natural consequence of the removal by Great Britain of differential duties in favor of the colonies.

But this equalization afforded a relief so inadequate that in 1848, in behalf of the colonies, Mr. Crampton, chargé d'affaires of the British Government, called the attention of Mr. A. J. Walker, then Secretary of the Treasury, to the subject of reciprocal trade with the Provinces.<sup>2</sup>

As a result of Mr. Walker's favorable consideration of the matter, a bill<sup>3</sup> was drawn up by Mr. Grinnell of the Committee of Commerce. This bill contained a schedule of free goods, but made no provision for the fisheries. It passed the House of Representatives,<sup>2</sup> but failed in the Senate, probably because of the strong opposition of President Taylor's Cabinet to the measure,<sup>4</sup> on the ground that it would take out of the hands of the House of Representatives a certain amount of power to originate bills of revenue in time of national need, an objection the force of which a later Congress was to experience. The Canadian provincial Parliament, desirous to keep the subject still open, passed an act April 25, 1849, providing for the free admission into Canada of certain articles<sup>5</sup> produced in the United States, whenever the same articles, the produce of Canada, should be admitted free into the United States.

This offer met with no response from the United States. Nothing at least was done toward accepting it, and Canada, on whom the repeal of the corn laws had fallen most heavily, now a disappointed<sup>6</sup> suppliant, was threatening, by a return to high tariff, retaliation upon our trade.<sup>7</sup>

Up to this time the maritime Provinces—Nova Scotia, New Brunswick, and Prince Edward Island—had been less affected than Canada had been by the free-trade movement, but in 1849 the repeal of the navigation laws<sup>8</sup> by Great Britain seemed to threaten their chief industry—the shipbuilding and carrying trade for the colonies. They viewed with alarm the competition of foreign ships, for until now the commerce of the colonies had been carried on entirely in Brit-

<sup>1</sup> 10 and 11 Vict., cap. 31. July 28, 1847. Provincial Stats. of Canada. Referred to also in Reports of Committees, 2d sess. 32d Cong., 1852-53, Rept. No. 4, p. 54.

<sup>2</sup> Foreign Relations, 1873-74, Pt. III, p. 292.

<sup>3</sup> Cong. Globe, 1st sess. 30th Cong., vol. 18, p. 923 (1848); Ex. Docs. No. 64; H. Repts., 1st sess. 31st Cong.

<sup>4</sup> Senator Collamer, Cong. Globe, 3d sess. 38th Cong., 1864-65, Pt. I, p. 210.

<sup>5</sup> Schedule: Grain and breadstuffs of all kinds, vegetables, fruits, seeds, animals, hides, wool, butter, cheese, tallow, horn, salted and fresh meats, ores of all kinds, metals, ashes, timber, staves, wood and lumber of all kinds.—12 Vict., cap. 3, Provin. Stat. Canada, Apr. 23, 1849.

<sup>6</sup> A proposition for a reciprocal relaxation of commercial restrictions had also been made by Mr. Crampton, Mar. 22, 1849. For the correspondence on this subject, Mar. 22, 1849, to Apr. 1, 1850, including a memorandum of Hon. W. H. Merritt, special agent for Canada, see Reports of Committees, 32d Cong., 2d sess., H. Rept. No. 4, pp. 53-72.

<sup>7</sup> Hon. W. H. Merritt's memorandum, H. Rept. No. 4, p. 63.

<sup>8</sup> Stat. U. K., Vol. XIX, Pt. II; 12 and 13 Vict., cap. 29.

ish vessels. Canada, however, looked upon the repeal of these laws with satisfaction, for foreign competition in the carrying trade meant cheaper freight from her farms and forests to the seacoast. The maritime Provinces, thus deprived of the advantage which the navigation laws had given, felt now all the more that they were in a position where unrestricted trade with the United States in coal, fish, gypsum, and ores of metals, the chief products of these Provinces, was not only desirable, but almost essential to them.

In April of this same year, 1849, discontented with the depression of her trade, for which she held the actions of the home Government in part responsible, Canada's feeling burst forth. A riot followed the signing of the bill to provide for the losses sustained by lower Canada in the rebellion of 1837. During this outbreak the Parliament house was burned at Montreal, the Governor General, Lord Elgin, was pelted in the streets, and the British League issued its manifesto in favor of annexation to the United States.<sup>1</sup>

Politically, the presentation at this time of the question of annexation was exceedingly unfortunate. If Canada had come into the Union with the consent of England, a thing hardly probable, she would have come in as a free State. This would have served to intensify the animosities of the fight on the slavery question at a time when it was hoped by everyone that the matter would be settled by the Clay compromise of 1850. On the other hand, if Canada broke away forcibly from the mother country, hostilities with England could scarcely have been avoided. But the question did not come to an issue. Annexation found only scant encouragement from the Northern States, enough, however, for the slave party to see in the unadjusted trade relations with Canada a constant menace to the southern majority in the Government.<sup>2</sup> According to the recollection, in 1865, of Senator Collamer,<sup>3</sup> of Vermont, and of Senator Chandler, of Michigan,<sup>4</sup> who were Members of the Thirty-second Congress, this apprehension on the part of the South, in 1854, was what brought about the treaty. It is the more probable when we remember that the South favored a free-trade policy, and that if the alternative were offered of free trade by treaty or the annexation of Canada the South must naturally have favored the treaty.

In a message<sup>5</sup> to Congress May 7, 1850, President Taylor transmitted all the official correspondence<sup>6</sup> with Great Britain on the subject of reciprocal trade with the Provinces, and called the attention of Congress to an arrangement for free trade between the United States and the Provinces in their natural products, which would provide also for the free navigation of the St. Lawrence and of the Canadian canals. On December 2, 1851, President Fillmore<sup>7</sup> directed the attention of Congress to the fact that overtures had

<sup>1</sup> New York Tribune, Apr. 30, 1849.

<sup>2</sup> The annexation of Canada could not then have seemed so remote as we might consider it now. There was a very widespread belief that President Pierce's administration had some designs upon Cuba as future territory for the extension of southern slavery. This opinion was strengthened by the later appearance of the Ostend manifesto, Oct. 13, 1854. The Kansas-Nebraska bill had repealed the Missouri compromise May 30, 1854, so that the fear of the slavery party that the Northern States might look upon Canada as a legitimate means to restore the balance of power between the southern slave States and the northern free States was very natural.

<sup>3</sup> Senator Collamer, Cong. Globe, 2d sess. 38th Cong., 1864-65, p. 210, Pt. I.

<sup>4</sup> Senator Chandler, same, p. 230.

<sup>5</sup> Repts. of Comm., 32d Cong., 2d sess., H. Rept. No. 4, pp. 51-52.

<sup>6</sup> Same, pp. 53-72.

<sup>7</sup> Annual message, and Foreign Relations, 1873, Pt. III, p. 293.

been made by the British Government relative to reciprocal trade with the United States, and suggested that the matter should be regulated by reciprocal legislation. Yet matters drifted on, and Congress took no action.<sup>1</sup>

Diplomatic negotiations having produced no apparent results, other methods were resorted to. At Toronto,<sup>2</sup> July 21, 1851, Canada, with its little strip of seacoast, agreed to cooperate with the delegates from Nova Scotia and New Brunswick in the efficient protection of the fisheries by providing either a steamer or two or more sailing vessels to cruise on the Gulf of St. Lawrence and on the coast of Labrador to seize American fishing vessels found within the 3-mile limit. This was after a renewed appeal had been made to England for aid.

On July 5, 1852, the British Government sent a communication to the United States announcing that she was about to send to British North American waters "such force of small sailing vessels and steamers as shall be deemed sufficient to prevent the infraction of the treaty."<sup>3</sup> The United States at once sent Commodore Perry to the fishing grounds, in command of the steam frigate *Mississippi*, "to protect the rights of American fishermen under the convention of 1818."<sup>4</sup>

It will be remembered that Great Britain and the United States held opposite views as to what these "rights" were.

The colonial governments themselves fitted out six cruisers, fully manned and armed,<sup>5</sup> and the danger of a clash with our vessels of war in colonial waters was imminent. Prudence, however, prevailed. There was no collision, but American fishermen suffered severely.

The events of this summer produced great excitement in the United States, as it was thought that England was attempting to force the negotiations on the subject of reciprocal trade.<sup>6</sup> Whatever may be said of the action of the colonies in the matter, the British Government seems to have had no such intention,<sup>7</sup> although it was known that Great Britain would not consider the settlement of the fishery question aside from reciprocal trade.<sup>8</sup>

The explanations that followed England's action quieted the agitation, but it had brought the fishery question before the public, and had shown how serious the matter might become.

Such was the condition of our relations with the British North American Provinces in the summer of 1852. They had indicated unmistakably that they wanted free trade with the United States. The United States, while it recognized the need of the Provinces for American markets, saw very little advantage to itself in such arrangement, and had received with more or less indifference the advances which had been made. It is not probable that the question of reciprocal trade would have received much consideration had not the fishery question been forced to an issue. The fishing rights were not in themselves so very valuable to the United States, but to Maine

<sup>1</sup> "Congress did nothing, said nothing, thought nothing on the subject."—(Hon. W. H. Seward, U. S. Senate, Aug. 14, 1852.)

<sup>2</sup> Ex. Docs. No. 23, Pt. IV, 2d sess. 32d Cong., pp. 436-437.

<sup>3</sup> Mr. Crampton to Mr. Webster July 5, 1852, Sen. Docs., 32d Cong., 1st sess., No. 100, vol. 10, p. 154.

<sup>4</sup> Ex. Docs. No. 100, vol. 10, 32d Cong., 1st sess., p. 1.

<sup>5</sup> I. D. Andrews' report, Ex. Docs. No. 112, Vol. II, p. 36, 32d Cong., 1st sess.

<sup>6</sup> Speeches of Senators Davis, Seward, and Mason in U. S. Senate Aug., 1852.

<sup>7</sup> Speech of Queen in opening Parliament; President Fillmore's message Dec. 6, 1852; official correspondence.

<sup>8</sup> Ex. Docs. No. 40, p. 3, 32d Cong., 2d sess.

and to Massachusetts they were quite necessary, and the question of protecting the industry of these States was important enough to be considered a national question if, while it was unsettled, there should remain this source of continual irritation in our diplomatic relations with Great Britain.

Congress could decide what the United States was willing to give to have the fishery dispute settled; whether it was a fair exchange to throw open its markets to the Provinces as they desired, or whether in return for this concession something more should be asked by the United States than the mere privilege of fishing in colonial waters as before the war of 1812.

Plainly, if the United States saw fit to close her doors on reciprocal trade with the British Provinces, the latter, in turn, would insist on a rigid enforcement of the colonial view of the treaty of 1818.

Fully aware of this, and knowing the losses suffered by the American fishermen during the summer, and the hardship which such conditions would bring on them in the future, President Fillmore, December 6, 1852, in his message<sup>1</sup> to Congress said that he considered the moment favorable for the consideration of the entire subject of the fishery question. "Great Britain," he says, "will meet us in an arrangement which will include the subject of commercial relations with the British Provinces." Remembering, doubtless, the fate of the bill of 1848 for the purpose of reciprocal trade, he added that "all the provisions of such arrangements affecting the revenue would be reserved to the control of Congress."

The attitude of Congress was favorable to a consideration of the matter, and February 11, 1853, Mr. L. D. Seymour, of the Committee of Commerce, reported a bill<sup>2</sup> embodying the subject of the fisheries, and reciprocal trade with the British North American colonies, as well as a provision for free trade with the British West Indian ports. This bill was fully discussed in the House of Representatives, but did not come to a vote before Congress adjourned. The subject then passed from Congress to the State Department, and here it took final form.

After a correspondence on the subject, Mr. Crampton, September 1, 1853, submitted to Mr. Marcy, then Secretary of State, a project:<sup>3</sup> Mr. Marcy, in reply, called attention with shrewd foresight to the weak points in the proposed treaty; but, when the final instrument was drawn up, the form of the treaty remained practically unchanged. Among other objections, Mr. Marcy showed that manufactures had been omitted; that the clause as to canals would be nugatory as the United States had none; that the interests of the Southern States must be cared for; and that upon this ground he had added rice, tar, pitch, and turpentine to the schedule offered in the project. To this list, when the treaty was drawn up, were added products of fish and other creatures living in water, coal, unmanufactured tobacco, and rags.

The return to America at this time of Lord Elgin, Governor General of Canada, was considered so fortunate a circumstance that the English Government decided to send him to Washington to conclude

<sup>1</sup> Ex. Docs. No. 1, 32d Cong., 2d sess., Vol. I, Pt. I, pp. 3-4.

<sup>2</sup> Cong. Globe, vol. 26, 32d Cong., 2d sess., p. 568. Text of bill is found in Cong. Globe, vol. 27, 32d Cong., 2d sess., p. 198.

<sup>3</sup> A full copy of the project and Mr. Marcy's notes on it is printed in Foreign Relations 1873-74, Pt. III, p. 296.

the negotiations of the treaty.<sup>1</sup> This was done, and he arrived with his suite May 26, 1854, the night that Congress passed the Kansas-Nebraska bill. Ten days later, June 5, 1854, the treaty was drawn up and signed by him and by Mr. Marcy.

"Being," as it was stated in the preamble, "desirous to avoid further misunderstandings in regard to the extent of fishing on the coast of British North America" and "to regulate the commerce and navigation between Her Majesty's possessions in North America and the United States of America in such manner as to render the same reciprocally beneficial and satisfactory," the treaty disposed of all the questions at issue between the two countries.

It provided:

(a) For the mutual enjoyment of the Atlantic coast fisheries, at any distance from the shore, north of the thirty-sixth parallel.

(b) For free markets for the natural products of the United States and the British North American colonies, as follows: *Agricultural products*: grain, flour, and breadstuffs of all kinds, cotton-wool, seeds and vegetables, undried and dried fruits, poultry, eggs, butter, cheese, tallow, plants, shrubs and trees, rice, broom corn, and bark, dyestuffs, flax, hemp, and tow manufactured, tobacco unmanufactured. *Products of the mine*: stone or marble in its crude or unwrought state, slate, ores or metals of all kinds, coal, gypsum, ground or unground, hewn, or wrought, or unwrought, burr or grind stones. *Products of the sea*: fish of all kinds, products of fish and of all other creatures living in the water, fish oil. *Products of the forest*: pitch, tar, turpentine, ashes, timber and lumber of all kinds, round, hewed, sawed, unmanufactured in whole or in part, firewoods. *Animals and their products*: animals of all kinds, fresh, smoked, and salted meats, hides, furs, skins or tails undressed, lard, horns, manures, pelts, wool. *Miscellaneous*: rags.

(c) It removed any cause for annexation by granting to Canada all the commercial benefits without the political complications of annexation.

(d) It gave the United States free navigation of the St. Lawrence River and of the Canadian canals.

(e) It disposed of the accumulating surplus in the Treasury of the United States without an undesired revision of the tariff.<sup>2</sup>

No mention was made in the treaty of manufactured goods. This was a matter vital to its operation, for it later raised the question as to the *spirit* and the *letter* of the treaty; that is, the spirit of reciprocity of which the treaty was only the symbol, and the letter of the treaty which gave no latitude beyond its actual provisions.

There were two important reasons offered why manufactured goods could not be included in the articles of the treaty. The first was that the Province of Canada could not give up the tariff as a means of revenue; the second reason was that Canada could not make manufactured goods free to Great Britain and to the United States at the same time without making a dead letter of the American tariff against Great Britain's manufactured goods. Nor could Canada admit the manufactures of Great Britain at her then low tariff rates,

<sup>1</sup> Debates in Parliament, Lord Clarendon, June 27, 1854; vol. 134, p. 729.

<sup>2</sup> The public debt, Dec. 3, 1853, was \$56,336,157.32, payable only at fixed intervals. The balance in the U. S. Treasury Sept. 30, 1853, was \$28,217,887.78.—(Rept. of Secretary of Treasury, 1853-54; Ex. Docs. No. 3, p. 3, 33d Cong., 1st sess.)

while the United States excluded them by high tariff rates, without producing the same result. For if wares could come to the colonies from England free of duty, or subject to only a nominal tariff, and pass from the colonies into the United States free, it is obvious that the American tariff against English manufactures could not be enforced. But these objections were not insuperable, for Hon. W. H. Merritt, the accredited agent of Canada in the United States, stated that reciprocity in manufactured goods might be obtained with Canada at any future time.<sup>1</sup> The colonies had made the natural products stipulated in the treaty free to Great Britain.<sup>2</sup> The United States and England were thus on equal footing as to freedom of trade in the natural products of the colonies.

The colonial agricultural and forest products were bound to compete by a reciprocity arrangement with like products in the United States, but this objection was met by the advantage of the lowered price of grain and lumber which it was urged the consumer would pay as a result of a greater supply in a free market.<sup>3</sup> With the expectation that prices would thereby be lowered, the farmers and lumbermen were naturally opposed to a measure that would swell from other sources the supplies of commodities which they had been accustomed to furnish. That the farmers were somewhat mistaken in their opposition will be shown later.

The case of the lumbering interest was not identical. Much of the lumber at this time was obtained from the New England States, but in all the States excepting Maine the supply was far below the demand.<sup>4</sup> Prices were naturally high, and, as a consequence, great quantities of Canadian lumber were coming to the United States in increasing amounts in spite of the tariff. Maine was thus the only State that would suffer severely by competition, for Michigan lumber was not yet a matter to be considered. Maine, however, was content that provincial lumber should come into the markets of the United States free of duty, provided the privilege was granted of floating Maine lumber down the St. John River without payment of duty. A glance at the map of Maine and New Brunswick will show that the headwaters of the St. John River are in Maine, in her great timber region. The river flows across that State to New Brunswick, after crossing which it flows into the Bay of Fundy. By a treaty<sup>5</sup> between the United States and Great Britain dated August 9, 1842, all lumber floated down the St. John River was to be treated as New Brunswick lumber. At the time of the treaty there was no duty on New Brunswick lumber and therefore none on Maine lumber, as it came down the river. After a short time New Brunswick found that the taxes she was levying did not bring revenue enough to meet

<sup>1</sup> "It has been suggested that the same principle (*of reciprocity*) should be extended to the manufactures of the United States and Canada. To this Canada could have no objection; on the contrary, we feel persuaded it would be to our advantage, but it was considered unwise even to propose it, because American manufactures would feel apprehensive that British fabrics might be introduced by this means through Canada into the United States, at duties considerably lower than those imposed by the present American tariff. This was the only reason for not proposing that extension; *if desirable, it can be obtained at any future time.*"—(Hon. W. H. Merritt's memorandum, Reports of Committee, H. Rept. No. 4, pp. 58 and 59, 32d Cong., 2d sess. See also Hopkins's Canada, p. 339.)

<sup>2</sup> 12 Vict., cap. 1; 13 and 14 Vict., cap. 3; Canadian Consol. Statutes.

<sup>3</sup> See table of prices during the treaty, Appendix IV.

<sup>4</sup> Reports of Committees, 32d Cong., 2d sess., 1852-53; H. Rept. No. 4, pp. 20-21.

<sup>5</sup> Stat. U. K., Vol. XIII, 6 and 7 Vict., cap. 84, par. 23; and 8 and 9 Vict., cap. 93, par. 27.

expenses, and a tax was accordingly laid on all lumber from Maine or New Brunswick at the mouth of the St. John. This tax was so high that Maine lumber could not be brought down the river with profit, so with great labor and hardship it was floated up the river by means of canals, built so that the lumber finally reached the chain of Maine lakes that led to the ocean.<sup>1</sup> It was for this privilege of again taking timber down the St. John River that the Maine lumbermen were willing to give up the former advantage of not being forced to compete with colonial lumber in a free market, and a clause embodying the privilege was inserted in the treaty.<sup>2</sup>

North Carolina's chief interests are in the lumber industry, and her markets might have suffered from the result of free lumber from the Provinces. To satisfy North Carolina, it was stated<sup>3</sup> that the treaty would provide that in exchange the British West Indian ports would admit her forest products free of duty. This concession was not made, however, when the treaty was signed.

An examination of the articles of the treaty will show what each party to it contributed.

The United States Government gave: (*a*) A free market for provincial products; (*b*) free navigation of Lake Michigan; (*c*) a promise, which remained a dead letter, "to urge upon the various State governments to secure to the subjects of Her Britannic Majesty the use of the several State canals on terms of equality with the inhabitants of the United States;"<sup>4</sup> (*d*) free Atlantic seacoast fishery north of 36° north latitude.

The British Government on its part gave: (*a*) A free market to articles named in the schedule; (*b*) permission to fish on the British North American coast, practically as before the treaty of 1818; (*c*) free navigation of the St. Lawrence River and of the Canadian canals; (*d*) free lumber on the St. John River.

It will be seen that the only valuable concession made by the United States was a free market for the provincial products,<sup>5</sup> and that it was to balance this that the British Government gave the fisheries, the St. Lawrence River, the canals and free lumber on the St. John River. Indeed, free trade given to Canadian products alone was considered an equivalent for free navigation of the St. Lawrence and the Canadian canals.<sup>6</sup>

Bearing this fact in mind, one is not surprised to find that the schedule is arranged from the standpoint of the colonial needs, that nearly all the articles contained in the free list are staple products of the Provinces.<sup>7</sup>

The principal exports to the United States from New Brunswick were lumber, coal, gypsum, fish, fish oil, and grindstones; from Nova Scotia, sawed lumber, fish, gypsum, grindstones, coal, potatoes, and cord wood; from Prince Edward Island, small fishing vessels. The principal articles of export from Canada to the United States were

<sup>1</sup> Reports of Committees, 32d Cong., 2d sess., H. Rept. No. 4, p. 21, 1852-53.

<sup>2</sup> Article IV of the treaty.

<sup>3</sup> Cong. Globe, vol. 27, p. 211, 2d and 3d sess. 32d Cong. See Seymour's bill.

<sup>4</sup> Article IV, sec. 3.

<sup>5</sup> See J. G. Blaine, Twenty Years of Congress, Vol. II, p. 620.

<sup>6</sup> "It is further agreed that if at any time the British Government should exercise the said reserved right (Sec. I), the Government of the United States shall have the right of suspending, if it think fit, the operation of Article III of the present treaty in so far as the Province of Canada is affected thereby, for so long as the suspension of the free navigation of the River St. Lawrence or the canals may continue." (Art. IV, sec. 2.)

<sup>7</sup> J. G. Blaine, Twenty Years of Congress, Vol. II, p. 620.

flour, wheat, lumber, cattle, and horses, oats, barley, rye, wool, butter, and eggs.<sup>1</sup>

The principal articles of export from the United States to Canada were tea, tobacco, cotton and woolen manufactures, hardware, sugars, leather, and its manufactures, coffee, salt, indigo, rubber goods, hides, machinery, fruits, and woodenware. This does not include certain agricultural products exported to the Provinces.

This list of articles exported and imported by the Provinces and by the United States shows that Canada would have forest and agricultural products to sell and manufactured goods to buy. The United States would have manufactured goods to sell and would need to buy lumber and some agricultural products. Here, then, the two countries were in a position to supply each the other's needs reciprocally.

In considering this reciprocal relation it must be remembered that the Canadian tariff at this time was moderate, that the Provinces manufactured almost nothing,<sup>2</sup> and that the United States Government had reason from an official source<sup>3</sup> to hope that the *spirit* of reciprocity would extend to this exchange of colonial natural products for American manufactured goods.

A reciprocity actually provided for in the treaty, and which operated satisfactorily to its close, was the exchange of products due to the geographical position of New England in relation to the maritime Provinces, and of Canada to the States bordering upon the Great Lakes.

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<sup>1</sup> S. Ex. Docs. No. 112, vol. 11, 1852-53, 32d Cong., 1st sess., p. 429.

<sup>2</sup> Reports of Committees, 32d Cong., 2d sess., Rept. No. 4, p. 16, 1852-53.

<sup>3</sup> Reports of Committees, 37th Cong., 2d sess., Rept. No. 22, p. 11 vol. 3, 1861-62.

## CHAPTER II.

### THE TREATY IN OPERATION.

Having traced the history of the drawing up of the treaty, let us go on to examine its operation. We shall consider the subject of transportation, and of trade in the natural products enumerated in the schedule, and mark the tendency of the treaty to produce during the years that it covers a reciprocal interchange in all branches of trade rather than simply an increase in the volume.

There was during that time a great increase in population,<sup>1</sup> an opening up of new rich farming lands,<sup>2</sup> and a consequent increase of production<sup>3</sup> in the western and northwestern part of the United States and in Canada.

	1850	1860	1870
<sup>1</sup> Aggregate population:			
Maritime Provinces (Harvey, Recip. Treaty, p. 4 and p. 6; and 3d sess. 8th Parl. Prov. of Canada; Debate on Confed., p. 140).....	664,051	788,049	-----
Canada (Harvey, Recip. Treaty, p. 4 and p. 6; and 3d sess. 8th Parl. Prov. of Canada; Debate on Confed., p. 140)...	1,842,265	2,507,657	-----
New England States (Compendium of 9th U. S. Census)...	2,728,116	2,135,283	3,487,924
States bordering the Great Lakes and Iowa (Compendium of 9th U. S. Census).....	10,130,731	14,560,770	17,662,953
Land in farms in acres:			
In Canada, improved lands (Harvey, Recip. Treaty, p. 5)...	7,307,950	10,855,854	-----
In the New England States (Compendium of the 9th U. S. Census).....	18,367,458	20,110,922	19,569,863
In the States bordering the Great Lakes and Iowa (Compendium of the 9th U. S. Census).....	83,640,239	123,465,816	149,660,023
Bushels of corn:			
Raised in Canada (Harvey, Recip. Treaty, p. 5).....	2,090,094	2,591,151	-----
Raised in New England (Compendium of 9th U. S. Census)	10,175,856	9,164,505	7,347,666
Raised in Iowa and the States bordering on the Great Lakes (Compendium of 9th U. S. Census).....	223,587,543	373,879,370	402,480,326
Bushels of wheat grown:			
In Canada (Harvey, Recip. Treaty, p. 5).....	15,756,493	27,274,779	-----
In New England (Compendium of 9th U. S. Census).....	1,063,894	1,083,193	1,000,693
In Iowa and the States bordering the Great Lakes (Compendium of 9th U. S. Census).....	69,376,575	112,157,829	207,763,097

The great increase in the means of transportation<sup>1</sup> from 1850 to 1865 brought many of these localities into communication with the great markets, and made a commodity of their formerly almost worthless farm products.<sup>2</sup> For these reasons it is difficult to say how much of the increase of trade was due to growth in population and improved transportation facilities, and how much to the operation of the reciprocity treaty.

More than this, the Crimean War coincided<sup>3</sup> with the first years of the treaty. The maintenance of this war caused an unusual demand for American and Canadian breadstuffs in Europe. For reasons to be considered later, these exports tended to be included in the reports of trade between the United States and Canada. A like unusual demand by the United States for Canadian productions

<sup>1</sup> See map.

<sup>2</sup> See Table I in Appendix.

<sup>3</sup> War was declared Oct. 1, 1853; peace concluded Mar. 30, 1856.

during the last three years of the treaty arose because of our Civil War; yet after these demands had been subtracted, there was a vigorous and growing trade between the British North American colonies and the United States, although, as will be shown, the table of total exports and imports is not a reliable index of the actual exchange of commodities.<sup>1</sup>

To get a clearer idea of the effect of the treaty independent of other factors which contributed to reciprocal trade with Canada, we must review certain conditions that existed anterior to the treaty itself.

As one of the results of the Canadian agitation of 1849, there was established in the year 1850 between the Provinces and Great Britain and between the several Provinces themselves free trade in natural products.<sup>2</sup> As before this time each Province had laid its own duty on the products of the other, the result of these conditions upon the trade of the United States had been very marked. The exports of the United States to the Provinces, which for the four years preceding the treaty had averaged about \$11,000,000 per annum, for the period before that, beginning with 1821, did not average \$4,000,000 per annum.<sup>3</sup> To encourage further this trade with the colonies, the United States passed the bonding act of 1850.<sup>4</sup> By its provisions goods destined for the British colonies could be shipped through the United States in bond without payment of duty.

It will be seen that this arrangement was particularly favorable to the seacoast cities and to the railroads and canals of the United States, while to the Provinces it gave the advantage of accessible ports on the Atlantic coast. This advantage<sup>5</sup> to the Provinces is the more apparent when we remember that the entire extent of the railroads in the Provinces,<sup>6</sup> 55 miles, was in Canada. Her semi-

<sup>1</sup> See Appendix, Table II.

<sup>2</sup> The following articles were free from duty when imported directly from the United Kingdom or from any British North American Province, and being the growth, product, or manufacture of said United Kingdom or such Provinces, viz: Animals; beef; pork; biscuit; bread; butter; cocoa paste; corn or grain of all kinds; flour; fish, fresh or salted, dried or pickled; fish oil; furs or skins; the produce of fish or creatures living in the sea; gypsum; horns; meat; poultry; plants; shrubs and trees; potatoes and vegetables of all kinds; seeds of all kinds; skins; pelt; furs, or tails undressed; wood, viz: Boards and planks, stave, timber, and firewood. Exempt from duty from whatever country, among other articles: Ashes, pot and pearl; cotton-wool; trees, shrubs, bulbs, and roots; wheat and Indian corn; manures, all kinds; seeds of all kinds.—12 Vict. Cap. I, Canadian Provincial Statutes, 1849, and 13 and 14 Vict. cap. 3, July 24, 1850, Canadian Consolidated Statutes.

<sup>3</sup> Foreign Relations, 1872-73, pt. 3, p. 292.

<sup>4</sup> U. S. Stat. L., cap. 79, sec. 18, vol. 9, p. 512.

<sup>5</sup> "Previous to 1850 by far the largest part of western Canadian trade was done through Montreal and the St. Lawrence, and trade with the United States was very insignificant, but it has been greatly extended by the operation of the bonding act of 1850, and by the reciprocity treaty."—Report of Canadian Commissioners of Public Works, May, 1857, quoted from Hopkins' Canada, p. 340.

<sup>6</sup> Miles of railroad built in—

	Ontario.	Quebec.	New Brunswick.	Novia Scotia.	Total.
1847.....		43			43
1850.....		12			12
1851.....		22			22
1853.....	181	30			211
1854.....	225	109			234
1855.....	113	83		2	198
1856.....	435			6	441
1857.....	65		53	14	132
1858.....	116		40	70	226
1859.....	237	81	35		353
	1,372	499	128	92	1,991

enclave geographical position, hemmed in as she is for one-half the year by the ice-bound St. Lawrence, made it imperative that Canada should cross the territory of the United States to get to the sea. This need had indeed been partially provided for by the bonding act, which permitted goods to cross the United States into Canada, but an extension of the privilege of sending goods from Canada across the United States to the coast was very desirable. In 1853 this was brought about by a special act, to which the United States Government acceded, whereby Canada leased the railroad that ran from Portland, Me., to Quebec. In this way Portland became the winter port for Canada, as well as a terminus on United States soil of the Grand Trunk Railroad, and the Canadian line of steamships came to this port when the St. Lawrence was frozen in winter.<sup>1</sup> These arrangements united their influence with that of the treaty in producing, after 1854, a large volume of trade with Canada and the other Provinces.

The treaty was signed by all the Provinces—Canada, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland; but as the export trade of the United States to Canada was nearly twice,<sup>2</sup> and the import trade from Canada four times,<sup>3</sup> as great as that of all the other Provinces taken together it will give us a just estimate of the value of the treaty to consider mainly Canada's relation to the United States.

This relation will be best understood by surveying the whole trade of Canada with other countries as well as with the United States. Having already shown what Canada will need to buy, and what she will have to sell, it will be further necessary to follow her imports and exports during the years of the treaty in order to determine to what extent it has tended to develop reciprocal intercourse with the United States.

In 1854, as the map will show, the British North American Provinces were economically divided into two groups. There were (*a*) the mining and fishing Provinces of Nova Scotia, New Brunswick, and Prince Edward Island, and (*b*) the agricultural Provinces of Upper and Lower Canada (now Ontario and Quebec).

As Goldwin Smith very properly says:

Each several Province of the Dominion is by nature wedded to a commercial partner on the south. The maritime Provinces want to send their lumber, their bituminous coal, and their fish to the markets of New England; Ontario and Quebec want to send their barley, eggs, and other farm products, their horses, their cattle, and their lumber to New York and other neighboring States.<sup>4</sup>

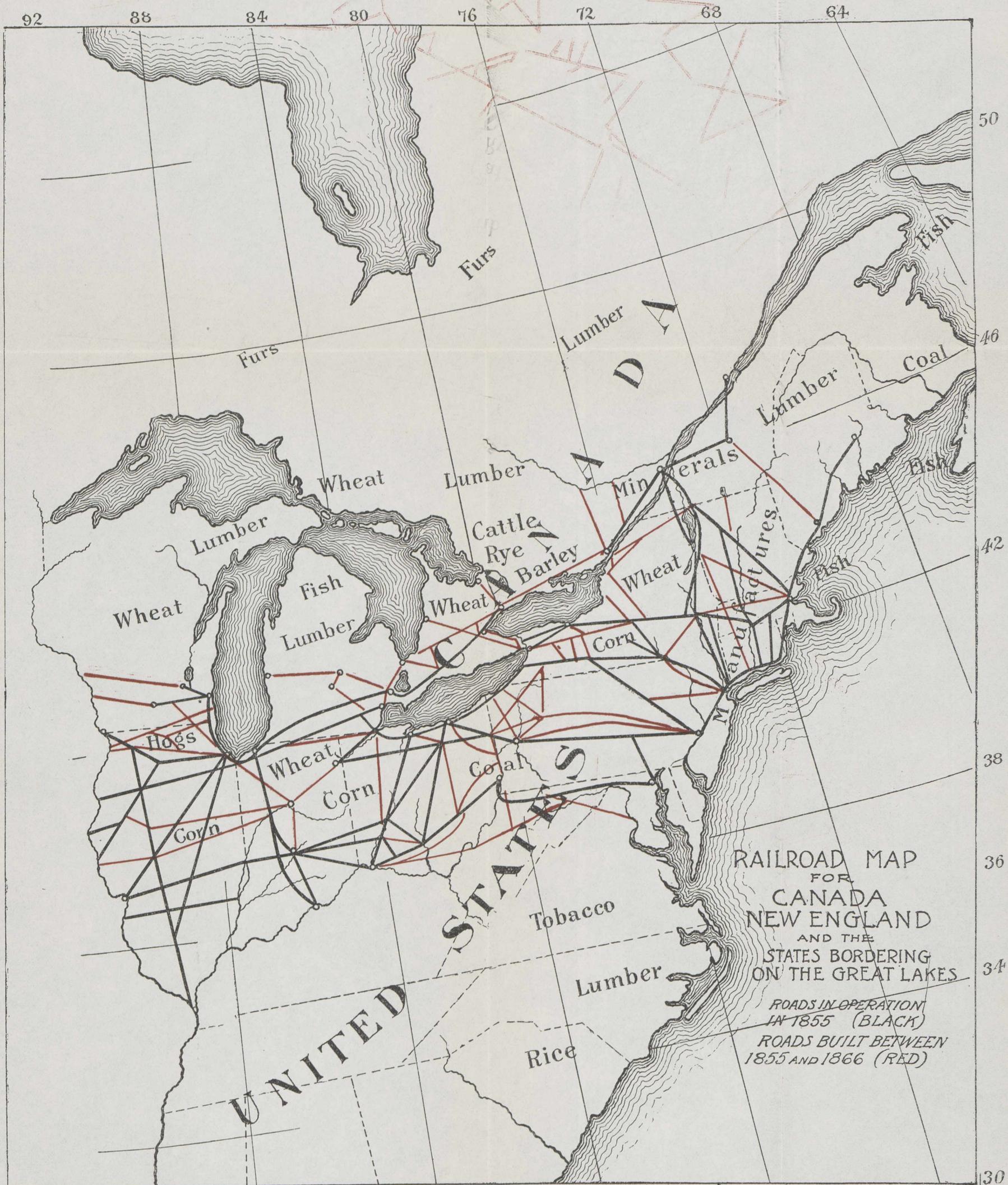
The distances that separate the New England States from the Northwestern States, the colonial maritime States from the Canadas, were, as Mr. Smith says, in 1891, just as strong an argument in 1854 for reciprocity. The causes that might weaken it would be a later arising of political dissension between the countries north and south of the boundary line, and the increase of transportation facilities east and west. Both of these causes were present in the great strides that railroad building took in Canada and the United States from

<sup>1</sup> Hon. A. T. Galt, *Canada, 1849 to 1859*, p. 26.

<sup>2</sup> U. S. exports to Canada, 1850 to 1863, were \$198,401,546; to the other Provinces, \$101,405,218.

<sup>3</sup> U. S. imports from Canada, 1850 to 1863, were \$171,161,479; from all other Provinces were \$48,608,941. See Appendix, Table II.

<sup>4</sup> Goldwin Smith: *Canada and the Canadian Question*, p. 284.



1850 to 1865,<sup>1</sup> and in the bitter feelings between Canada and the Northern States engendered by her attitude to the North during the Civil War.

Let us consider the exchange that took place north and south in some of the principal articles named in the schedule of free goods provided for by the treaty. The coal trade offers the first example. In arguing for the treaty Mr. Townsend, of Ohio, in the House of Representatives,<sup>2</sup> thus cogently stated these benefits to consumers of coal.

As fuel is about as much a necessity of life as food, legislation should not compel millions who must have coal to pay exorbitant prices for the benefit of holders of coal stock.

The great iron industries of Pennsylvania suffer by competition with England not only because labor is cheaper, but because coal is cheaper in England. If the introduction of free coal from the Provinces would make cheaper coal, the iron industries would profit. The eastern manufacturers are equally eager to get cheap coal. Factories that need anthracite coal are lying idle because they can not import, at the high duty, the Nova Scotia coal which they find beneficial to use in connection with the coal of Pennsylvania. The anthracite coal of Pennsylvania will not make gas. That of Nova Scotia will.

Liverpool coal, which is very like Nova Scotia coal, would be driven from the market. The Nova Scotia and New Brunswick coal is very bituminous, often 60 per cent volatile. The coal of Pennsylvania is largely anthracite; there will, therefore, be little competition. The British Cunarders that land at Halifax can not use Nova Scotia coal, but must use Pennsylvania coal at a high price. Free trade in coal, then, would mean an export of coal from Pennsylvania for the provincial needs and imports from the Provinces for special use in Nova Scotia.

This exchange of coal gives a good idea of the geographical relations of the two countries. The coal beds of Ohio and Pennsylvania were too far away (1854-1865) to be useful to the manufacturing New England States, but they were adjacent and easily accessible to Canada. So the Nova Scotian coal was too far off to be of much use to Canada, but was within easy reach of the New England States. Duty being removed by the treaty, trade followed its natural channels.<sup>3</sup>

Canada raised comparatively little corn, but nowhere could corn be raised so cheaply as in our Western States. During the treaty period there was exported to all the Provinces \$10,680,000 worth of American corn. No return is made in American reports of corn received from Canada, as the item was too small to list separately, but a Canadian source<sup>4</sup> shows \$39,000 worth imported up to 1863. Most of this corn was sent to Canada to be distilled into whisky, which was extensively used to soften the rigors and hardships of the Canadian winters in the lumbering camps or on the fishing boats.

Cheap corn made the raising of hogs cheaper in the Western States than perhaps anywhere else. Pork is the staple article of diet of the lumbermen and of the fishermen, the most numerous of the colonial industrial classes, excepting the farmers.<sup>5</sup> Canada raises few hogs and therefore imports pork from the United States. During the period of the treaty all the Provinces imported from the United States \$14,267,000 worth of pork; for the same time they exported to the

<sup>1</sup> See map.

<sup>2</sup> Cong. Globe, vol. 27, pp. 210-211, 32d Cong., 2d sess.

<sup>3</sup> For these and figures following, see Appendix, Table III. American coal imported during the treaty was \$447,000; provincial coal, \$7,085,000.

<sup>4</sup> Harvey: The Recip. Treaty, p. 9.

<sup>5</sup> Reports of Committees, No. 4, p. 15, 32d Cong., 2d sess.

United States in meats of all kinds, including pork, only \$2,708,000<sup>1</sup> worth. It was argued before the treaty that the duty imposed on this pork in Canada was really paid in the increased price given by the eastern buyer of Canadian lumber,<sup>2</sup> and that the admission of pork free of duty would lower the price of lumber.

Barley of a peculiar kind and excellence for making beer was raised in Canada that could not be, or was not, raised in the United States. Beginning with \$58 worth exported to the United States in 1856, it had reached \$4,093,000 in 1864, and for the entire treaty period was \$9,640,348. In the American returns barley is not separately reported, but a Canadian authority<sup>3</sup> gives for both barley and rye \$75,000 imported to Canada up to 1863. This remarkable growth of imports of barley for making beer is probably due to the immigration of the Germans, who began to come from Europe in such great numbers after the Revolution of 1848, and who settled in our North-western States.

Here, then, is a further example of what was hoped for from reciprocity. The Canadian raised no corn, but had barley to sell. The American had corn to sell, and wanted to buy barley.

Canada furnished a wool of peculiar fineness that we did not then produce, but which we used in the manufacture of fine fabrics. Freed from duty, this wool was exported to the United States during the treaty worth \$7,367,000; imported from the United States during same period, \$1,131,000.<sup>4</sup>

How great our need was of provincial timber and lumber and how the consumer benefited from the free market is shown by the fact that during the years of the treaty we imported from the Provinces \$33,600,000 worth of lumber and timber mostly in planks and board, while we exported to them in that time \$251,000 worth.<sup>4</sup>

In butter and cheese there was a more equal exchange. We imported \$4,000,000 and exported \$3,000,000 worth.<sup>4</sup>

The returns for fish exported and imported show what a valuable market the United States offered for this provincial staple. From 1855 to 1866 the United States exported to the British Provinces \$679,660 worth of fish of all kinds. During the same time the United States imported from the Provinces fish valued at \$16,081,629.<sup>4</sup>

The trade in wheat and flour is more complicated and is not so germane to the subject of reciprocity, because wheat had been made free before the treaty.<sup>5</sup>

It will be remembered that Canada makes a great wedge-like projection between Lake Huron and Lakes Erie and Ontario into the Northern boundary of the United States, so that Canada lies practically between Michigan and New York. Besides this, the St. Lawrence River does not flow east, but almost northeast. This geographical situation made it very natural that wheat gathered up at Chicago, Milwaukee, Detroit, and Toledo from the Western States should enter Canadian territory as wheat *exported* from the United States, and reappear at Buffalo as wheat *imported* from Canada, and so travel by the Erie Canal to New York; or, having entered the Canadian canals, appear again at Ogdensburg and Cape Vincent to reach

<sup>1</sup> S. Ex. Docs. No. 106, p. 32, 2d sess. 53d Cong., vol. 4.

<sup>2</sup> Reports of Committees, 32d Cong., 2d sess., No. 4, p. 15.

<sup>3</sup> The Reciprocity Treaty, Arthur Harvey, p. 9, statistical clerk in finance department Quebec.

<sup>4</sup> S. Ex. Docs., 53d Cong., 2d sess., vol. 3, 1893. Appendix, Table III.

<sup>5</sup> Canadian Provincial Statutes, 12 Vict., cap. 1.

New York by the Champlain Canal and the Hudson River or Boston and Portland by rail. The difficulty of tracing this wheat was increased by the fact that actual Canadian wheat was added to shipments originally American as it passed through Canadian territory. Much of this American wheat, too, was imported into Canada for the purpose of grinding it into flour, which was sent back to the United States as Canadian flour. The Treasury Department of the United State finally passed a regulation prohibiting Canadian flour made from American wheat from being admitted free.

It will be plain from what has been said that the table of total exports and imports, which includes this movement of wheat and flour to and from Canada, will show much larger returns than the consumption of either country would warrant and that these returns are not reliable for our purpose.

Both Canada and the United States raised much more wheat than they could consume, so that the question of the wheat trade became one not of consumption, but of competition in the carrying trade, especially to England. As our ocean freights to Europe were cheaper<sup>1</sup> than those of the Provinces, this vast stream of wheat from Canada and our Western States so gorged our canals that it was declared in Congress that any delay at the locks piled up great quantities of merchandise at either terminus and gave the canal always the appearance of a busy street crowded with vehicles. This traffic was bound to be a great stimulus to other branches of commerce, but it is undeniable that the interests which most benefited by the treaty throughout were the canal, railroad, and shipping interests.

During the treaty period the United States sent, ostensibly to Canada, really through Canada to other ports, \$33,000,000 worth of wheat and \$45,000,000 worth of flour. Canada in the same time sent, apparently to the United States, though really through the United States elsewhere, \$29,000,000 worth of wheat and \$28,000,000 worth of flour. The question was largely, as I have said before, which country should furnish the best means of transportation from the wheat field to the foreign markets.

In the record of prices,<sup>2</sup> for these commodities and others in the free list, given for the time the treaty lasted, it is interesting to notice that, opposed to influences that tend to sustain prices, the effect of the treaty was not pronounced enough to cause prices to go down. This was possibly due to the fact that, except for wheat and lumber, Canada and the Provinces did not throw commodities upon the market in sufficient quantities to affect the market price.

Much had been hoped by the American shippers from the free navigation of the St. Lawrence River and the canals. Before the treaty was signed it had been confidently predicted<sup>3</sup> that if the St. Lawrence, the great natural outlet from the Great Lakes to the ocean, could be freed from restrictions upon its navigation an immense commerce would be borne upon its waters from the Lake ports to Liverpool and to European markets. It was further urged<sup>4</sup> that when the

<sup>1</sup> Foreign and Domestic Commerce, 1864, p. 102.

<sup>2</sup> Appendix, Table IV. Price in New York.

<sup>3</sup> Reports of committees, 32d Cong., 2d sess., H. Rept. No. 4, pp. 85 and 86. Mr. Buell's Report on Free Navigation of St. Lawrence (May 2, 1850).

<sup>4</sup> "The free navigation of the St. Lawrence is only necessary to show us in the fall of every year long lines of vessels seeking the Atlantic through Canada laden with western produce, and in the spring making their way back with foreign wares, and with the avails of profitable labor for nearly half a year."—Reports of committees, 2d sess. 37th Cong., vol. 3; Ward's Report, p. 15.

<sup>4</sup> Same, p. 86.

ice closed the navigation of the Great Lakes in winter vessels lay idle at the wharves and capital unemployed until navigation reopened in the spring. With freedom to use the St. Lawrence as a highway it was thought that an American vessel could load at any port on the Great Lakes with wheat, corn, pork, and other provisions, the products of the Western States, carry them to Halifax or St. Johns, make coasting trips on the Atlantic seaboard while the St. Lawrence was closed, and in the spring return to the Lake ports with a cargo of sugar and molasses from the West Indies, or wheat from the maritime Provinces. All this was made possible by the provisions of the treaty.

When the treaty was first put into operation it worked without friction and foreign trade began to leave the St. Lawrence River route for the more convenient one across the United States.

In 1854, the year before the treaty, the value of imports via the St. Lawrence was.....	\$21,000,000
Of exports via the St. Lawrence was.....	12,000,000
Total trade, 1854.....	<u>33,000,000</u>
In 1855, the year after the treaty, the value of imports via the St. Lawrence decreased to.....	11,000,000
Exports to.....	7,000,000
Total trade, 1855.....	<u>18,000,000</u>
Decrease.....	15,000,000

This difference was transferred to the carrying trade of the United States, which rose at the same time from \$25,000,000 to \$40,000,000.<sup>1</sup>

Thus, in spite of the efforts made by Canadian legislation<sup>2</sup> to bring about that result, the expectations of the American grain carriers that the St. Lawrence would come to compete with the Erie Canal for their trade was not realized. The accompanying table<sup>3</sup> shows that from 1855 to 1863 but 44 American vessels cleared from lake ports for Europe, and 33 returned. This number is insignificant in amount when compared with the tonnage on the Great Lakes for a single year. During 1857, for example, 109 Canadian vessels cleared from the port of Chicago alone. There seems no doubt that the effort to divert American trade into this new channel was a failure. Canadian shippers had so long held the monopoly of this trade that there seems to have been but little competition for it. To what extent they traded with England in American products by way of Lake Michigan is shown in the report of the American consul at Montreal in 1864, who says:

Under the treaty Canadian vessels have free access to the ports on Lake Michigan and land their cargoes at the ports of Chicago and Milwaukee under the same restrictions only as apply to American vessels. These vessels bring back wheat, beef, pork, lard, and other merchandise which will bear shipment to England. With wheat many of the mills of Canada are stocked, and although flour manufactured from American wheat can not go to the markets of the United States free, much of the flour finds its way there under Canadian brands without payment of duty. The beef, pork, lard, hams, etc., are here reshipped in British vessels to Liverpool, and these vessels bring for return cargo tea

<sup>1</sup> Reports of committees, No. 22, p. 26, 37th Cong., 2d sess., 1861-62.

I have not been able to verify these figures further than as they coincide with the tables given in the Appendix, though I have no doubt that they are correct.

<sup>2</sup> Foreign and Domestic Commerce, 1864, p. 100.

<sup>3</sup> See Appendix, Table IVa.

and other East Indian goods, and from this point (Montreal) they are distributed to the West in Canadian vessels; to Boston via the Grand Trunk Railroad; to Portland, thence to Boston, and to New York via Lake Champlain in Canadian vessels to Whitehall, thus giving them monopoly of the carrying trade both ways.

The benefit to American commerce from freedom to use the Canadian canals was much greater. The use of the Welland Canal around the Niagara Falls was especially beneficial to the grain trade on the Great Lakes. From 1854 to 1859 of all the vessels upon the canals<sup>1</sup> from one-third to one-fourth were American. Beginning with 1859, however, the number of American vessels dropped to about one-eleventh of the number of Canadian vessels. This falling off in the number was probably due in part to the depressing influence upon American trade with Canada, brought about by the Canadian tariff acts of 1858 and 1859. These will be considered later.

Under an enactment of 1860, if vessels and goods having paid toll on the Welland Canal entered the St. Lawrence canals, or any Canadian port, all except 10 per cent of the Welland charges were refunded. Besides this, a free passage was given through several of the canals on the St. Lawrence. It was maintained<sup>2</sup> that this refunding of charges to vessels proceeding down the St. Lawrence was a discrimination of 90 per cent against the lake ports of northern New York, as well as against the Lake Champlain and Hudson River routes. While its intention seems to have been to influence the course of western trade to follow the St. Lawrence and thus to benefit Canada, this enactment can not be urged as an infringement upon the treaty, for it was, as Sir Edmund Head says,<sup>3</sup> a movement toward greater freedom of trade. Just here it must be remembered that the clause in the treaty relative to making an effort to have the various States open their canals to Canadian vessels had remained a dead letter. From whatever motives the enactment was made, it seems to have operated against the use of the Canadian canals by American vessels in the same proportion as before. The table shows in 1860 and 1861 for every 12,000 Canadian vessels only 2,000 American vessels, and in 1863 and 1864 it is 2,000 American vessels for every 15,000 Canadian vessels.

Another cause for dissatisfaction arose from change in the Canadian tariff. In a perfectly legitimate effort to divert into Canadian channels the trade coming from the Western States, Canada had burdened herself with an enormous debt of \$43,000,000 in improving her canal system and in extending her railroads. The expected volume of trade did not follow this venture, at least not at once, and Canada, compelled by a series of misfortunes and obligations,<sup>4</sup> was

<sup>1</sup> See Table V in Appendix, of vessels on all the Canadian canals from 1854 to 1864.

<sup>2</sup> Ward's Report, p. 12; Reports of Committees, 2d sess. 37th Cong., vol. 3.

<sup>3</sup> July 26, 1860.

<sup>4</sup> "The indirect public debt of Canada, including railway advances, in 1858 was \$6,271,762, bearing 6 per cent interest, which prior to 1857 had not been a charge upon the revenue. In that year owing to the commercial crisis it became necessary to make large payments upon it, and in 1858 almost the whole amount had to be met from the general revenue. In addition to the commercial depression, the harvest of 1857 was below an average, and that of 1858 was nearly a total failure. It became manifest that the indirect debt must for many years be a charge upon the country, and Parliament was required to make provisions for it. The interest on the public debt, direct and indirect, thus required in 1858 was \$636,667, and without flagrant breach of faith it could neither be postponed nor repudiated. The pressure had come suddenly and heavily upon the people of Canada, but neither the Government nor the legislature hesitated in making such provision as in their judgment would meet the exigencies. The customs act of 1858 was therefore passed, and subsequently, with the same objects in view, others. The customs act of 1859 was also passed."—A. T. Galt, Canada, 1849-1859, pp. 34-35.

obliged to find an immediate means for raising revenue. For this purpose an increased duty was levied on American manufactured goods, beginning with the customs act of 1858.<sup>1</sup>

The result of this policy by the Canadian Government could not fail to have an adverse effect upon the exports of United States manufactures to Canada. Due to this cause alone, apparently, the export of manufactured goods shows a steady decline from the time these laws were put into operation. During the year 1858-59 the United States exported to Canada \$4,185,516 worth of American manufactures paying duty. In 1859-60, \$3,448,114 worth; in 1860-61, \$3,501,642 worth; in 1861-62, \$2,596,930 worth; and in 1862-63, \$1,510,802 worth. The table<sup>2</sup> does not extend beyond 1863, but it shows sufficiently well the falling off in the movement of American manufactured goods to Canada.

Still more vital than the high tariff to the interests of the American trade was the adoption in the Canadian customs act of 1859 of the ad valorem principle of levying duty. It was the avowed intention of Hon. A. T. Galt,<sup>3</sup> the Canadian minister of finance, by extending this principle to all dutiable importations, to raise revenue and to further and develop the direct trade between Canada and all foreign countries by sea, and thus, he declares, to benefit the shipping interest of Great Britain.

This object was attained by taking duty on the value in the market where the goods were last bought. That is to say, goods of foreign production sold in the United States to Canadian merchants would have to pay duty at the Canadian frontier on the original cost of the article plus shipping and freight charges, as well as the United States customs charges.<sup>4</sup>

Mr. Galt states further:<sup>5</sup> "The levy of specific duty for several years had completely diverted the trade of Canada in teas, sugars, etc., to American markets, and had destroyed a very valuable trade which formerly existed from the St. Lawrence to the lower Provinces and West Indies. It was believed that the completion of our canal and railroad systems, together with the improvements in the navigation of the lower St. Lawrence, justifies the belief that the supply of Canadian wants might be once more made by sea and the benefits of this commerce obtained for our own merchants and forwarders." The results of the application of the ad valorem principle and the tariff of 1858 and 1859 on the imports from the United States of manufactured goods and goods of foreign production is shown in Diagram I. This diagram shows the course of importations of foreign and manufactured goods into Canada from Great Britain (solid line) and from the United States (dotted line).

<sup>1</sup> Report of Committees, vol. 3, No. 22, 37th Cong., 2d sess., 1861-62. See Appendix, Table X.

<sup>2</sup> Foreign and Domestic Commerce, Report of Treasurer, 1864.

<sup>3</sup> A. T. Galt, Canada, 1849-1859, p. 36.

<sup>4</sup> The Canadian tariffs are chiefly levied ad valorem on the invoice values of goods at the point of purchase for importation into Canada, whether that be in the United States or in Europe, and the consequence is a practical difference against purchasing in the United States, which increases with every accession to prices here, and has now attained to the full nominal measure of the duty levied.

The increase in the price of fabrics, caused by the successive tariff acts of the United States and by the internal duties, has steadily increased this difference, in connection with the higher rates of ad valorem duty levied in Canada, until it now amounts very nearly to a prohibition of purchases in the United States of duty-paying articles. A duty of 20 per cent on invoices made in England can scarcely fail to amount to two such percentages when the same or similar goods are purchased in the United States, simply through the duplication of prices attained here.—Foreign and Domestic Commerce, 1864, p. 104.

<sup>5</sup> Canada, 1849-1859, p. 36.

Following the panic year of 1857, the imports from Great Britain fall of 1858 to \$11,000,000, and then gradually increase to \$17,500,000 in 1864. Those from the United States also fall after 1857 to \$8,500,000, and then gradually decrease to \$4,000,000 in 1864. A corresponding though not so striking a result is obtained by plotting the importations of foreign productions reaching Canada by the St. Lawrence and through the United States. This is shown in Diagram II. Here the importations by way of the St. Lawrence (solid line) from \$11,000,000 in 1858 increase to \$18,500,000 in 1865. Similar importations reaching Canada through the United States, shown in the diagram by the dotted line, from \$13,500,000 in 1858 decrease to \$9,500,000 in 1865.

TABLE FOR DIAGRAM I.

*Values of manufactured goods imported into Canada from Great Britain and from the United States.*

[Compiled from Canadian Sessional Papers, 1853-1865.]

Goods paying—	1853		1856		1857		1858		1859	
	Great Britain.	United States.								
Specific duties .....	£90,877	£566,278	£150,144	£1,394,905	£104,328	£1,037,826	\$478,035	\$4,664,590	\$164,218	\$2,344,078
Specific duties and ad valorem .....									57,833	9,555
Specific duties and 100 per cent ad valorem .....									33,442	102,302
Specific duties and 40 per cent ad valorem .....									317,113	2,615,151
Specific duties and 30 per cent ad valorem .....										
Specific duties and 100 per cent ad valorem .....										
40 per cent ad valorem .....										
30 per cent ad valorem .....	11,837	28,843							104,077	140,611
25 per cent ad valorem .....										3,228,204
20 per cent ad valorem .....	1,268	12,433	12,095	53,362	30,187	112,633	8,645,762	3,417,674		
15 per cent ad valorem .....			3,479,733	1,589,311	3,241,962	1,127,809			11,305,872	
12½ per cent ad valorem .....	2,108,622	1,103,391								
10 per cent ad valorem .....			543,709	155,152	44,071	27,317	2,238,118	391,343	1,611,012	602,060
5 per cent ad valorem .....					532,652	136,019				
2½ per cent ad valorem .....	397,996	192,304								
Total .....	2,610,600	1,903,249	4,185,681	3,192,730	3,953,200	2,491,604				
	\$12,531,168	\$9,135,585	\$20,091,286	\$15,325,104	\$18,955,360	\$11,879,699	11,361,915	8,463,607	13,593,567	9,032,861

Goods paying—	1860		1861		1862		1863		1864	
	Great Britain.	United States.								
Specific duties .....	\$13,317	\$6,278	\$10,889	\$7,001	\$14,369	\$23,208	\$15,067	\$46,459	\$21,024	\$54,509
Specific duties and ad valorem .....				6,103	1,879,252	2,297,495	1,486,038	1,155,143	999,566	1,333,073
Specific duties and 100 per cent ad valorem .....				31,928						
Specific duties and 40 per cent ad valorem .....										
Specific duties and 30 per cent ad valorem .....										
Specific duties and 100 per cent ad valorem .....			54,633		57,409	3,258	56,171	3,489		
40 per cent ad valorem .....			4,168		5,978	28,459	5,496	26,302		
30 per cent ad valorem .....	294,141	2,599,470			112,725	273,180	99,856	128,389	88,538	64,327
25 per cent ad valorem .....			13,608,511	6,260,356	117,692	81,588	113,573	54,639	101,163	70,171
20 per cent ad valorem .....	12,350,625	3,970,105			12,244,900	3,129,270	13,220,033	2,323,481	14,649,394	2,245,519
15 per cent ad valorem .....	39,044	1,243,283	466,840	473,381	422	2,118	641	1,022	1,340	1,174
12½ per cent ad valorem .....										
10 per cent ad valorem .....	1,632,281	706,994	1,427,896	863,308	1,556,387	283,595	1,727,815	230,088	1,914,748	217,511
5 per cent ad valorem .....										
2½ per cent ad valorem .....										
Total .....	14,329,408	8,526,230	15,632,927	7,642,077	15,989,134	6,122,171	16,724,690	3,969,012	17,775,775	3,986,278

MILLION  
\$

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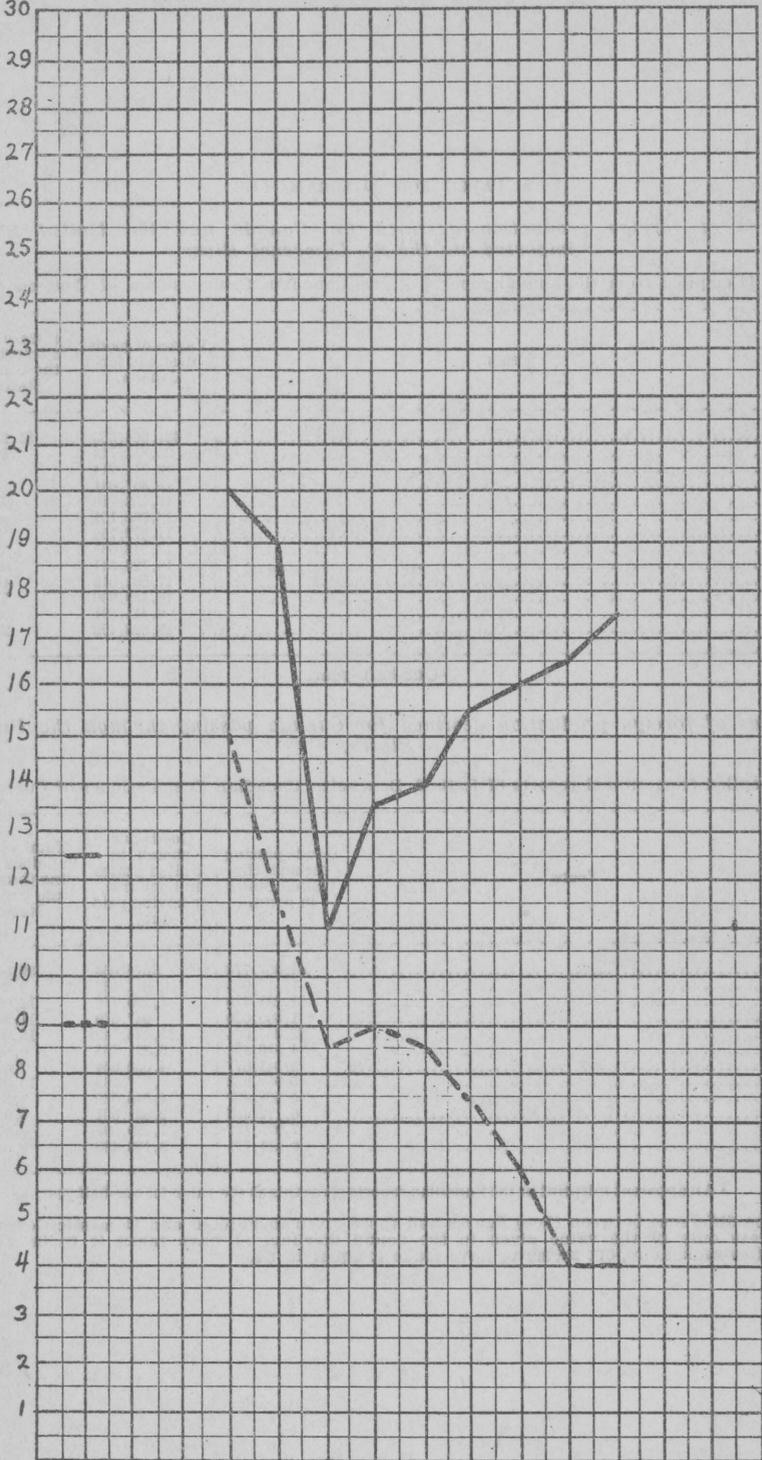


DIAGRAM I

TABLE FOR DIAGRAM II.

*Goods of foreign production destined for Canada and the United States imported via the St. Lawrence River.*

[Compiled from the annual reports of the Canadian Commissioner of Customs.]

Years.	Values of goods destined for Canada.	Values of goods in transit for the United States.
1853.....	\$21,864,353	\$1,257,556
1854.....	24,811,713	594,388
1855.....	13,711,214	21,614
1856.....	18,367,041	17,190
1857.....	17,153,710	210,545
1858.....	10,768,161	26,916
1859.....	11,472,754	76,314
1860.....	13,548,665	21,505
1861.....	16,726,541	522,514
1862.....	17,601,019	490,298
1863.....	16,439,930	515,245
1864.....	<sup>1</sup> 6,411,591	282,667
1865.....	18,828,495	289,685

<sup>1</sup> One-half year.*Goods of foreign production destined for Canada passing through the United States.*

[Compiled from annual reports of R. S. M. Bouchette, Canadian Commissioner of Customs.]

Years.	Goods passing through the United States in bond.	Goods purchased in United States in bond free, or having paid duty.	Total values in dollars passing through the United States.
1854.....	£1,367,770	£674,054	\$9,800,755
1855.....	1,115,943	811,135	9,239,974
1856.....	1,231,730	1,279,779	12,055,243
1857.....	1,395,660	947,379	11,247,547
1858.....	\$2,057,024	\$1,444,742	13,501,766
1859.....	4,546,491	5,351,865	9,898,356
1860.....	3,041,877	4,650,654	7,692,531
1861.....	5,688,952	4,927,962	10,616,914
1862.....	5,508,427	4,045,080	9,553,507
1863.....	6,172,483	2,821,601	8,994,084
1864.....	7,925,177	1,489,098	<sup>1</sup> 9,414,275
1865.....	6,511,771	3,103,430	9,615,201

<sup>1</sup> An apparent misprint in the Canadian reports gives this as the value for one-half year.

The difference between these figures and those given in Foreign and Domestic Commerce appears only in the value given to the pound sterling. I have taken it to be \$4.80; the Government report seems to have made it equal to \$4.

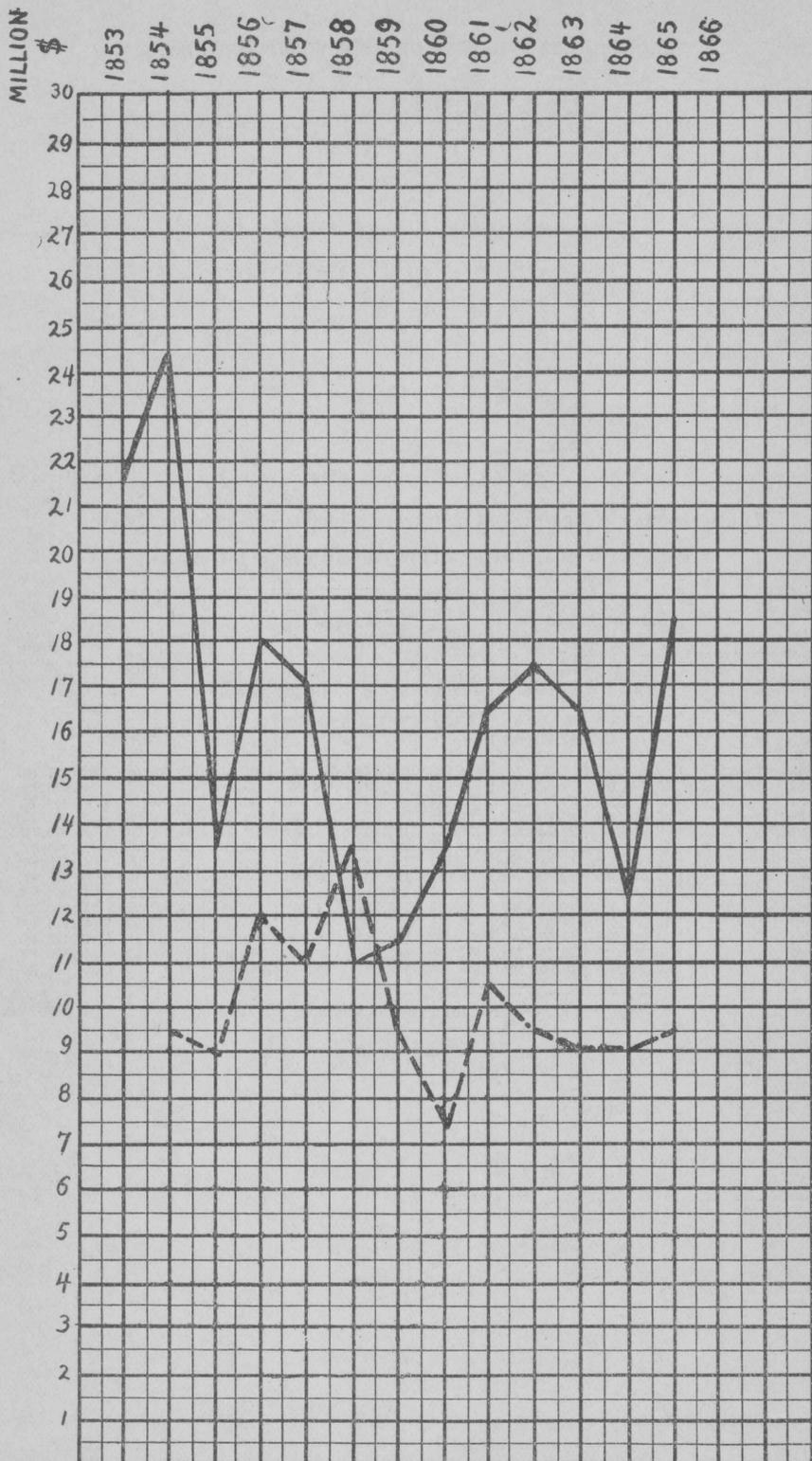


DIAGRAM II

TABLE FOR DIAGRAM III.

*Table showing the value and character of goods exported by Canada.*

[Compiled from annual reports in Canadian Sessional Papers.]

Calendar years.	Natural products to—		Manufactures to—		Other articles to—		Total exports to all countries. <sup>1</sup>	Total imports from all countries.
	Great Britain.	United States.	Great Britain.	United States.	Great Britain.	United States.		
1849.....	\$6,448,678	\$3,812,874	.....	.....	.....	.....	.....	.....
1850.....	5,829,821	4,224,318	.....	.....	.....	.....	.....	.....
1853.....	6,821,731	7,367,913	\$14,625	\$72,444	\$11,424	\$101,040	\$15,606,686	\$38,377,707
1854.....	10,769,184	9,535,064	4,209	121,393	8,193	59,184	23,394,871	48,635,188
1855.....	10,854,374	10,103,472	3,211	40,108	2,286	40,108	22,849,267	43,404,401
1856.....	6,548,462	19,809,720	69,576	213,672	4,622	82,272	28,444,680	52,301,260
1857.....	10,975,286	21,338,308	127,761	191,458	25,344	32,016	34,310,243	46,316,715
1858.....	12,460,675	15,493,156	140,078	239,280	21,547	115,267	28,980,376	29,078,527
1859.....	8,080,530	11,656,769	64,791	175,083	9,650	98,242	21,285,925	33,555,161
1860.....	7,340,589	13,624,467	205,058	196,801	5,893	101,046	22,677,160	34,447,935
1861.....	11,716,863	18,095,399	275,002	206,114	8,758	126,405	31,522,964	43,054,836
1862.....	17,281,435	13,971,795	90,315	143,251	4,362	146,381	33,061,255	48,600,633
1863.....	14,001,612	14,535,359	48,715	.....	6,665	227,059	33,511,620	45,964,493
1864.....	14,904,058	17,573,999	203,197	542,289	6,700	310,603	35,374,586	49,753,467
1865.....	12,257,727	20,566,718	477,478	469,172	20,079	304,460	35,996,134	44,620,469
1867.....	12,200,388	22,051,764	186,200	459,391	48,878	347,929	39,471,028	59,048,987

<sup>1</sup> Not including coin and bullion.

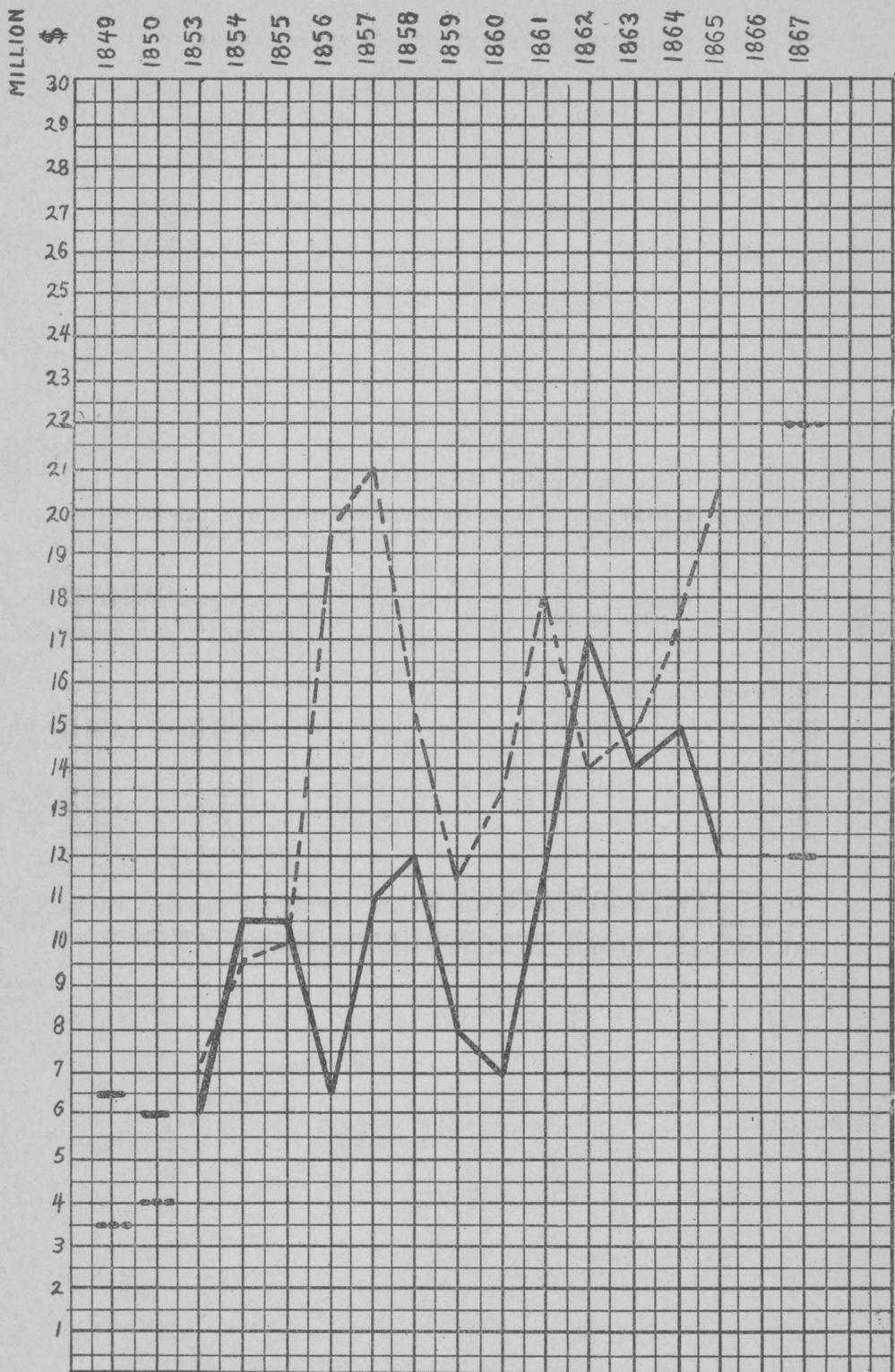


DIAGRAM III

TABLE FOR DIAGRAM IV.

*Value of goods imported free under the reciprocity treaty from Canada into the United States and from the United States into Canada.*

Fiscal years ending June 30—	Value of goods imported from Canada. <sup>1</sup>	Value of goods imported from the United States (calendar year). <sup>2</sup>
1854 (7 months).....		\$697,968
1855.....		9,270,686
1856.....	\$15,959,850	9,699,384
1857.....	16,731,984	10,370,448
1858.....	10,900,168	5,564,615
1859.....	12,307,371	7,106,116
1860.....	16,218,767	7,069,098
1861.....	16,327,824	9,980,937
1862.....	14,295,562	14,430,626
1863.....	12,807,354	12,339,367
1864 (6 months).....	<sup>3</sup> 23,000,000	4,875,630
1865.....	25,602,561	9,131,641

<sup>1</sup> Annual reports of Canadian Commissioner of Customs.

<sup>2</sup> United States Foreign and Domestic Commerce, 1864, p. 93, and United States Commerce and Navigation, 1864 and 1865.

<sup>3</sup> Estimated. 1864, \$27,051,130 for Canada and the other Provinces; 1865, \$4,967,107 for the other Provinces not including Canada. Imports from Canada taken to be equal to the difference.

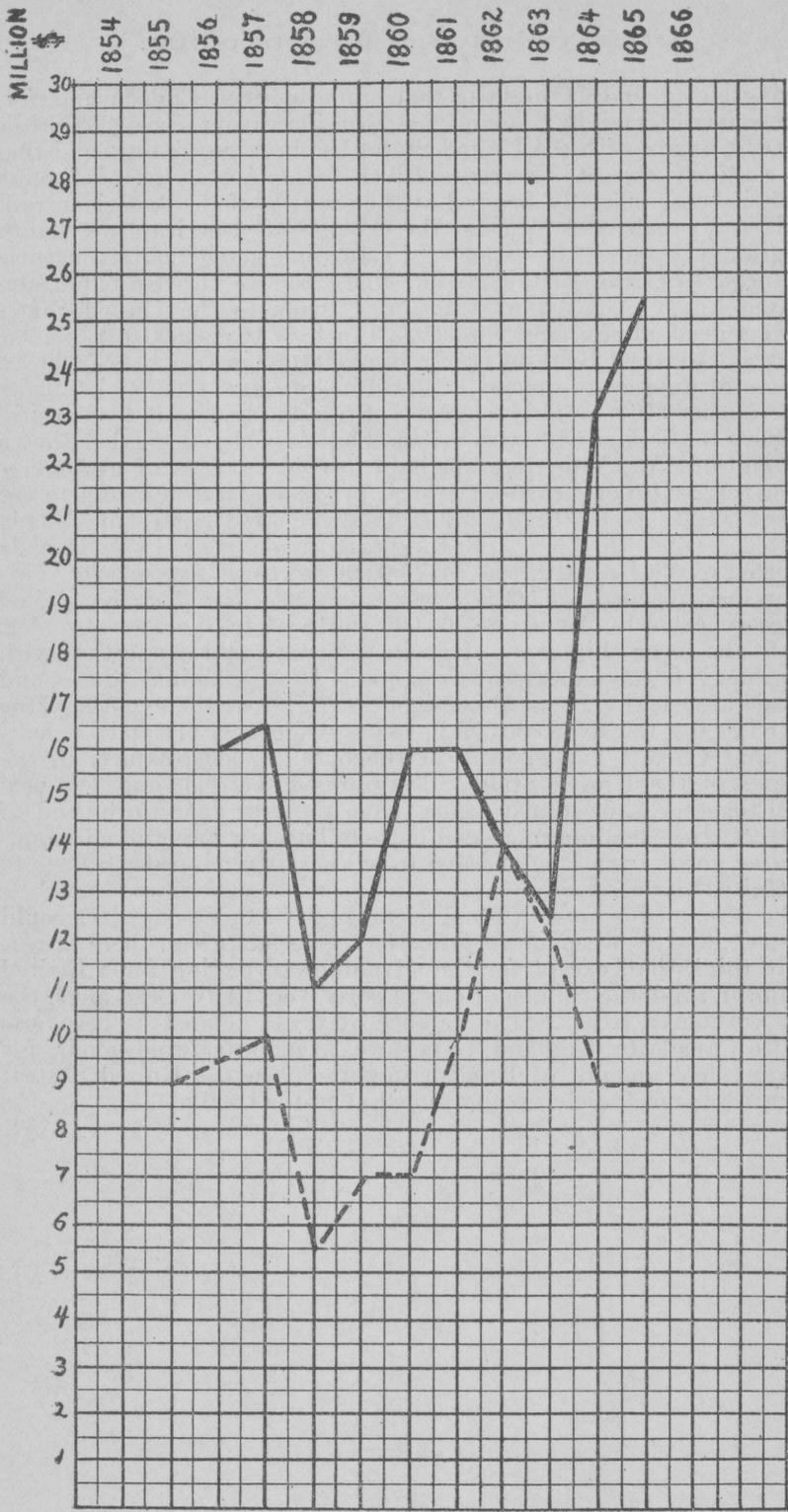


DIAGRAM IV

Diagrams I and II indicate that trade between Canada and foreign countries, mainly England, has been increasing since 1858, while that of Canada with the United States has been decreasing, and that the route by the St. Lawrence River for importations of foreign goods is being officially favored at the expense of the American railroads and canals, as well as at the expense of American merchants. Diagram III shows the exports of Canadian goods, mainly natural products, to Great Britain (solid line) and to the United States (dotted line). The export trade of Canada to the United States shows a gradual rise from \$11,500,000 in 1859 to \$20,500,000 in 1865. The trade to Great Britain rises from \$8,000,000 in 1859 to \$17,000,000 because of unusual shipments of grain in 1861 and 1862, and falls by 1865 to \$12,000,000. This tendency of Canada to export her natural products to the United States rather than elsewhere is further shown in Diagram IV. This diagram indicates the exports of goods free under the reciprocity treaty (natural products) from Canada to the United States (solid line) and from the United States to Canada (dotted line). In 1858, following the panic year 1857, Canada exported to the United States \$11,000,000 worth of free goods. This export had reached \$25,500,000 worth in 1865. In 1858 the United States exported to Canada \$5,500,000 worth of free goods. In 1862, due to the large shipments of grain referred to in connection with Diagram III, the exports of free goods by the United States and Canada are equal. From \$14,000,000 for this year the exports of the United States fall to \$9,000,000 in 1865. Diagrams III and IV indicate that Canada is disposing of the bulk of her products in the markets of the United States. Diagrams I, II, III, and IV, now taken together, show that Canada, from the year 1858 to the end of the treaty, was tending more and more to buy her foreign and manufactured goods from England and to sell her own natural products to the United States.

The demand for most of these natural products we ourselves could not meet, and as we paid very nearly the usual prices, there is reason to think that, except for the advantage of paying for a limited amount in kind, the volume of our imports would have been much the same without a treaty. The balance of trade against us here was paid to Canada by England, to be sure, in manufactured goods, for an equivalent amount of English imports from the United States; but this was not the reciprocity aimed at in the treaty.

## CHAPTER III.

### THE CIRCUMSTANCES WHICH LED TO ITS ABROGATION.

It must of course be remembered that the years 1863, 1864, and especially 1865, of our Civil War produced abnormal conditions; and in judging the trade returns we must keep in mind the fact that we are not viewing conditions that would have prevailed in times of peace, yet these were the conditions that did exist when the treaty period was drawing to a close, and the question of renewing it was under discussion in Congress.

The unfriendly and even hostile attitude of Canada toward the Northern States during the war was hardly touched upon in the debates on the subject in Congress, although this attitude produced its effect upon the minds of the people at large in still further increasing the dissatisfaction with which most Americans had come to regard the treaty. The position taken by Canada was not distinguished by them from the unfriendly attitude of England toward the Union. The utterances of the English and Canadian newspapers; the precipitate sending of English troops to Canada when the United States had not yet decided as to the surrender of Messrs. Mason and Slidell after they had been taken from the British mail steamer *Trent*; the raid into Vermont by a band of southern sympathizers, asyllumed in Canada, who looted the bank at St. Albans, killed an American citizen, and found a safe refuge on British soil; the destruction wrought upon our commerce by English-built privateers; all these circumstances tended inevitably to increase the feeling that a treaty which had given to Canada manifestly greater advantages than it had given to the United States should not be prolonged under its existing form.

Yet in spite of this feeling of restiveness, under the then unsatisfactory condition of an arrangement that had tended to promote mutual comity and good will, that had aimed at securing peaceful intercourse with our northern neighbor, and that had conferred so many undoubted benefits upon both countries, it is very doubtful whether the treaty would have suffered a complete overthrow in Congress, rather than an extension of its provisions, had it not been for the pressing need for revenue that faced our Government at the close of the war.

The treaty had, by 1864, "released from duty a total sum of \$42,333,257 in value of goods of Canada, more than of goods the produce of the United States."<sup>1</sup> The debt of the United States June 30, 1865, was \$2,682,593,026;<sup>2</sup> the balance in the United States Treas-

<sup>1</sup> Foreign and Domestic Commerce, 1864, p. 93.

<sup>2</sup> Report of United States Treasurer, 1865, p. 19.

ury July 1, 1865, was \$858,309,<sup>1</sup> a condition which made the need of revenue imperative. There existed a feeling that the American producer should not be loaded with taxes, while at the same time the Canadian producer, who competed with him, contributed nothing to the revenue of our Government. But according to prevailing sentiment<sup>2</sup> in the Senate one reason alone, that it hampered the raising of revenue, was sufficient for the treaty's abrogation.

In the House of Representatives there had been a feeling that the treaty should be abrogated on account of its unequal operation. This is showing in the wording of the House resolution<sup>3</sup> (No. 56) which passed the House<sup>4</sup> and reached the Senate in this form:<sup>5</sup>

Whereas \* \* \* nearly all the articles which Canada has to sell are admitted into the United States free of duty, while heavy duties are now imposed upon many of those articles which the people of the United States have to sell, with the intention of excluding them from the Canadian markets; \* \* \*

*Resolved, by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States be, and he is hereby, authorized and requested to give to the Government of the United Kingdom of Great Britain and Ireland the notice required by the fifth article of the reciprocity treaty of the 5th of June, 1854, for the termination of same.

<sup>1</sup> Report of the United States Treasurer, 1865, p. 18.

<sup>2</sup> Senator Cowan (Pennsylvania), p. 233, Congressional Globe, 1864-65, pt. 1: "I am in favor of the proposition before the Senate (to terminate treaty), and I am in favor of it for this single reason, that I have discovered that by this treaty we have been deprived of our power of taxation over the products of our own country for revenue purposes."

Senator Chandler (Michigan), p. 230, Congressional Globe, 1864-65, pt. 1: "The citizens of Michigan are largely taxed for the support of this Government, taxed directly and indirectly; taxed upon their income, and upon their products, and upon their consumption; taxed in every way, while the inhabitants of Canada raise precisely the same articles, are engaged in the same business, and send their products here to compete with ours without contributing one dollar to the support of this Government."

Senator Sherman (Ohio), p. 209, Congressional Globe, 1864-65, pt. 1: "It is manifest \* \* \* that while we maintain our present system of internal taxation the reciprocity treaty is a direct benefit to the Canadian producer, farmer, and mechanic, and it is a discrimination against our own farmers and mechanics. It seems to me, therefore, for this reason alone, if there were no other, that this treaty ought to fall."

Senator Sumner (Massachusetts), Congressional Globe, p. 207, 1864-65, pt. 1: "In every direction we are now turning for subjects of taxation; our own people are contributing in every way largely. Commerce, manufactures in every form are obliged to come to the assistance of the country. I know no reason why the large amounts enfranchised by this treaty should enjoy the immunity which has been thus far conceded them."

Senator Morrill (Maine), Congressional Globe, p. 229, 1864-65, pt. 1: "I believe \* \* \* that whatever may be said in favor of the treaty that the principle on which it started, that of reciprocity, has been sacrificed and does not hold good to-day; for this reason alone it is proper to give notice \* \* \*."

"It seems by our peculiar circumstances to have been rendered absolutely necessary by the emergency of public affairs to lay an internal revenue, and this treaty interferes with that, and this renders its termination almost absolutely necessary."

Senator Doolittle (Wisconsin), Congressional Globe, p. 232, 1864-65, pt. 1: "\* \* \* I believe that our new revenue system, which has been forced on us by the necessities of our position growing out of this war, absolutely demands that this treaty should be abrogated."

Senator Richardson (Illinois), Congressional Globe, p. 234, 1864-65, pt. 1: "If the times now were such as they were when the treaty was negotiated, I should not regard it of very much importance either one way or the other. I apprehend that the great difficulty that has arisen in this case has arisen in consequence of our recent laws for raising internal revenue, and that is all there is to the whole case, I think. If there is anything beyond that, I have not been able to perceive it. If things were now as they were when the treaty was made, I do not believe I should give my vote to give the notice. But a change of circumstances has made it necessary, in my opinion, to terminate the treaty."

<sup>3</sup> For history of this resolution and debate upon it in the House of Representatives, see Congressional Globe, 1863-64, pp. 9, 19, 1371, 1387, 2298, 2333, 2364, 2452, 2453, 2476, 2482, 2502, 2508.

<sup>4</sup> House resolution No. 56 passed the House Tuesday, Dec. 13, 1864. Yeas, 85; nays, 57; not voting, 40.

Six of the Members not voting recorded their votes in affirmative upon news that the St. Albans raiders had been released by the Canadian courts for want of jurisdiction.

<sup>5</sup> Congressional Globe, p. 96, 1864-65, pt. 1.

This was amended on motion in the Senate by Mr. Sumner<sup>1</sup> to read:

Whereas it is provided \* \* \* that this treaty shall remain in force for 10 years from the date at which it may come into operation, and further until the expiration of 12 months; \* \* \* and

Whereas, further, it is no longer for the interests of the United States to continue the same in force: Therefore

*Resolved*, \* \* \* That notice be given of the termination of the reciprocity treaty, according to the provisions therein contained for the termination of the same; and the President of the United States is hereby charged with the communication of such notice to the Government of the United Kingdom of Great Britain and Ireland.

This was the form in which the resolution was finally passed. It shows that the Senate was not willing to have the abrogation of the treaty rest upon the generally accepted objections to it.

The only considerable argument offered against the resolution to terminate the treaty came from Senator Howe, of Wisconsin, that to cut off the trade of the United States was a very improper way to make them better able to pay taxes.<sup>2</sup> This objection was met by the reply of Senator Chandler, of Michigan,<sup>3</sup> that a great part of that trade with Canada was a carrying trade only.

Thirty-three of the Senators, January 12, 1865, voted for the resolution, 8 voted against it, and 8 were absent.<sup>4</sup> On January 16, 1865, the House accepted the amendment, and so the joint resolution passed.

As the 10 years of the treaty would be completed March 17, 1865, the 12 months' notice was given in accordance with the treaty stipulations, and March 17, 1866, the reciprocity treaty came to a close.

<sup>1</sup> Congressional Globe, 1864-65, pt. 1, p. 96.

<sup>2</sup> Senator Howe: \* \* \* The lumber product of the United States is not less than \$100,000,000, and if you put 5 per cent upon that they have to pay directly \$5,000,000 as a consideration for being relieved from this competition of \$2,000,000. I think the lumbermen of the United States can do without this sympathy. \* \* \*

To cut down their trade is not the way in which to prepare the people to be taxed. It is not sound argument to adduce here or elsewhere to say that when you have deprived the people of this trade, which now amounts to \$40,000,000 annually, they will be in a better position to pay your taxes and sustain the public credit.—Senator Howe, p. 228, Congressional Globe, 1864-65, pt. 1.

<sup>3</sup> The constituents of that Senator Howe, of Wisconsin, are taxed, and largely taxed, upon everything that they consume, yet every product of theirs of the plow, of the anvil, of the mill, and of the mine is brought in direct competition with our own. \* \* \* It is true they receive the same articles, but for transportation and for no other purpose. If the Senator will look at the exports from Chicago, one-third of which goes to Canada, he will find that not one-tenth of that one-third stops in Canada longer than enough to transport it to Portland, Me., or to Niagara Falls or Buffalo.—Chandler (Mich.), 38th Cong., 2d sess., p. 230, pt. 1, 1864-65.

<sup>4</sup> Voting for the abrogation of treaty (Southern States not represented): Senators Henry B. Anthony (Rhode Island), Unionist; B. Gratz Brown (Missouri), Unionist; Zachariah Chandler (Michigan), Unionist; Daniel Clark (New Hampshire), Unionist; Jacob Collamer (Vermont), Unionist; John Conness (California), Unionist; Edgar Cowan (Pennsylvania), Unionist; Garrett Davis (Kentucky), Democrat; James W. Doolittle (Wisconsin), Unionist; Nathan A. Farwell (Maine), Unionist; Solomon Foote (Vermont), Unionist; Lafayette S. Foster (Connecticut), Unionist; James W. Grimes (Iowa), Unionist; Benjamin F. Harding (Oregon), Unionist; James Harlan (Iowa), Unionist; Ira Harris (New York), Unionist; John B. Henderson (Missouri), Unionist; Henry S. Lane (Indiana), Unionist; Edwin D. Morgan (New York), Unionist; Lot M. Morrill (Maine), Unionist; James W. Nesmith (Oregon), Democrat; Samuel C. Pomeroy (Kansas), Unionist; Lazarus W. Powell (Kentucky), Democrat; William A. Richardson (Illinois), Democrat; George R. Riddle (Delaware), Democrat; John Sherman (Ohio), Unionist; William Sprague (Rhode Island), Unionist; Charles Sumner (Massachusetts), Unionist; John C. TenEyck (New Jersey), Unionist; Lyman Trumbull (Illinois), Unionist; Benjamin F. Wade (Ohio), Unionist; Waitman T. Willey (West Virginia), Unionist; Henry Wilson (Massachusetts), Unionist—33.

Senators voting to continue treaty relation: Senators Charles W. Buckalew (Pennsylvania), Democrat; James Dixon (Connecticut), Unionist; John P. Hale (New Hampshire), Unionist; Thomas A. Hendricks (Indiana), Democrat; Thomas H. Hicks (Maryland), Democrat; Timothy O. Howe (Wisconsin), Unionist; Alex. Ramsay (Minnesota), Unionist; Peter G. Van Winkle (West Virginia), Unionist—8.

In the debates at Quebec upon confederation of the British Provinces, from February 3 to March 14, 1865, we have, perhaps, the best record of contemporary public opinion in Canada upon the abrogation of the treaty. Here there was but one opinion<sup>1</sup>—the abrogation of the treaty was a lever to force Canada from her allegiance to England and into the United States, for by withdrawing the trade privileges that Canada enjoyed and upon which she was dependent the United States, it was claimed, would use Canada's helpless position

<sup>1</sup> Mr. Dunkin, p. 531, Debates on Confederation, 3d sess., 8th Provincial Parliament, Canada: "The real danger is not of war with the United States. It is from what I call their pacific hostility, from trouble to be wrought by them within this country, trouble to arise out of refusal of reciprocity, repeal of the bonding system, customhouse annoyances. \* \* \* That the United States, or those portions of the United States near us, may avail themselves of every opportunity to perplex us, to embroil us in trouble, to make us come within the disturbing influences of their strong local attraction."

Mr. Ross, p. 802: " \* \* \* I firmly believe it to be the policy of the United States to introduce coercive measures with a view to make us feel that our commercial interests are identified with them. \* \* \* They do not intend immediate invasion, but, instead of that, they will, so to speak, put on the screws in order, if possible, to make us feel that our interest is with them and not separate from them."

Mr. Remillard, p. 788: " \* \* \* But if we are not desirous of being annexed to the United States, and if we are desirous of preserving the institutions which are so dear to us, I maintain that we must construct a confederacy which shall be competent to protect us from the United States."

MacDonald, p. 650: "The threatened repeal of the reciprocity treaty, the hazard of the United States doing away with the system of bonding goods in transitu, and the unsatisfactory position of commercial relations with the neighboring country, all this calls for immediate action."

Mr. McGivern, p. 466: "Placed as we are now, with the abrogation of the reciprocity treaty threatened, does it not become our duty, I ask, to make some effort to change and improve our condition?"

Hon. Mr. Rose, p. 397: "At the present time we are almost entirely dependent upon the United States. Commercially we are dependent upon them for an outlet to the ocean during the winter months. If they choose to suspend the bonding system, or by a system of consular certificates make it practically useless; if they abolish the reciprocity treaty and carry the passport system to a greater degree of stringency, we should feel our dependence upon that country even in a greater and more practical way than we do at the present time."

"And perhaps, sir, it is worth our while to consider whether this may not be the real motive which dictates the policy they are now pursuing."

Hon. Mr. M. C. Crea, p. 173: "The imminence of war with the United States, the certainty of the abrogation of the reciprocity treaty, the danger of nonintercourse, the opportunity presented by the Charlottetown Convention (of Maritime Provinces for Union) and the consequent necessity of the Intercolonial Railway, all point to this confederation."

Hon. Sir E. P. Tache (Premier), p. 6: "If the opportunity which now presented itself (of confederation) were allowed to pass by unimproved, whether we would or would not, we would be forced into the American Union by violence, and if not by violence would be placed upon an inclined plane which would carry us there insensibly. In either case the result would be the same. In our present condition we could not long continue to exist as a British colony."

Mr. Horwood, p. 833: "Moreover, if in the meantime the Maritime Provinces, taking up again their old scheme of a union among themselves, should refuse to listen to any overtures we might make, we should, like madmen, have lost the golden opportunity. Nothing would remain for us but annexation to the United States."

Extract Mr. Buchanan, p. 870: "The continuation of the reciprocity treaty with the United States is favorable not only to the farmers of Canada, and to all other classes through them, but also to the English Government, for without the existence of that treaty the Canadians are in a position to be greatly benefited in an industrial and commercial sense by the annexation of Canada to the United States unless other industrial or intercolonial arrangements should take place. Annexation is far preferable in an industrial point of view to our 'free trade in raw products,' which is unaccompanied by protection for home industry."

Mr. Horwood, p. 827: "Either we shall form part of a confederation of the British North American Provinces or we shall fall into the unfathomable gulf of the confederation of the neighboring States, formerly the United States."

Hon. A. T. Galt (minister of finance), p. 64: " \* \* \* When we have reason to fear that the action of the United States will prove hostile to the continuance of free commercial relations with this country, when we know that the consideration of this question is not grounded on just views of the material advantages resulting to each country, but that the irritation connected with political events exercises a predominant influence over the minds of American statesmen, it is the duty of the House to provide, if possible, other outlets for our productions, \* \* \* to seek by free trade with our fellow colonists for a continued and uninterrupted commerce which will not be liable to be disturbed at the capricious will of any foreign country."

Hon. Mr. Brown (Pres. of Ex. Council), p. 106: "On the whole, then, sir, I come firmly to the conclusion that, in view of the possible stoppage of the American reciprocity treaty and our being compelled to find new channels for our trade, this union presents to us advantages, in comparison with which any objection that has been offered or can be offered to it is utterly insignificant."

" \* \* \* I am in favor of a union of these provinces because it will enable us to meet without alarm the abrogation of the American reciprocity treaty in case the United States should insist on its abolition."

to bring about annexation. The apathy with which Great Britain had regarded the abrogation of the treaty and the indifference with which Canada's commercial needs in general were viewed in England convinced the Canadians that commercially they would be left to stand or fall alone, and alone Canada was sure to become a part of the United States. They did not desire to be annexed, yet it was firmly believed that the United States either would play the part of Prussia in the German Zollverein, and by refusing transit to Canada force a union or, by nonintercourse and in case of war by actual invasion, bring about the same result. Thus it was said they would secure Canada's trade and strike a blow at England. War, the Canadians feared, would soon follow the strained relations between the United States and England, and the extreme uncertainty which attended the settlement of the Alabama claims, even up to the treaty of Washington in 1871, gave ample reason for such fear. In event of war Canada would be the first point of attack, and, alone, Canada's position was defenseless.

To Canadian popular opinion, then, the abrogation of the reciprocity treaty meant exposure to the danger of aggression by the United States. It is plain that the abrogation of the reciprocity treaty, from whatsoever cause it rose, was a powerful means in bringing about the confederation of the British North American Provinces in 1867 and in the construction of the Intercolonial Railroad, which, to a certain extent, took the place of transit through the United States.

These fears on the part of Canada of the sinister designs of our Government were somewhat allayed when the real reason for the abrogation of the treaty appeared in the debates in the Senate, but they were revived by a bill introduced by Mr. Banks July 2, 1866,<sup>1</sup> providing for "the admission of the States of Nova Scotia, New Brunswick, Canada East, and Canada West, and for the organization of the Territories of Selkirk, Saskatchewan, and Columbia" as States and Territories of the United States under certain conditions. More stress has been laid on this bill than its importance would warrant.<sup>2</sup> It was read twice in the House of Representatives, referred to the Committee on Foreign Affairs, and ordered to be printed, but, so far from becoming a law, it did not even come up for debate in Congress. It can not be denied that there was a feeling that if Canada desired annexation she would be welcomed as a part of the Union, England being willing, and there seems to be no doubt that if the abrogation of the reciprocity treaty were to help to bring about that result the United States would look with complacency upon such outcome. For example, when the delegates from Canada, New Brunswick, and Nova Scotia were in Washington, from January 24 to February 6, 1866, for the purpose of prolonging the treaty if possible,<sup>3</sup> Mr. Morrill, chairman of the Ways and Means Committee, is reported to have replied to their proposition to place trade upon a better footing, "That will have to be postponed until you gentlemen assume your seats here."<sup>4</sup> If this remark meant anything, it meant that there was an indisposition to have the United States do anything that would help to maintain Canada's independent position. The evi-

<sup>1</sup> Cong. Globe, 1865-66, pt. 4, p. 3548.

<sup>2</sup> See C. G. D. Roberts' *History of Canada*, p. 348, where he says the bill was passed by Congress in the hope of heading off confederation.

<sup>3</sup> Watkin, *Canada and the United States*, pp. 405-418, gives the memoranda reported by this committee to the Provincial governments.

<sup>4</sup> Same, p. 425.

dence is lacking, however, that the United States took positive action and repealed the treaty with the expectation of bringing about annexation.

In reviewing the history of this treaty we have found that, due to the geographical position and the economic needs of the Provinces, there was a desire by them for free intercourse with the United States. Such arrangement was not easily brought about, as we have seen, mainly because of the disproportionate benefits to the Canadas, which it was thought would result from it, but a balance was secured by adding to free trade and free canals a satisfactory solution for the fishery question, which had become acute in the summer of 1852. By this adjustment the two parties to the treaty started upon conditions that seemed absolutely fair and equal.

The fishery contention ceased entirely and was not heard from until after the treaty came to an end. This must be reckoned as a positive and undeniable benefit to the United States intrinsically, and in the peace and harmony which it contributed to the period of prosperous trade that followed.

The maritime Provinces throughout the treaty's duration purchased largely of the United States and sold their own commodities in our markets, but the balance of trade was always very greatly in our favor. If they benefited much, the United States benefited much more. Yet it is to Canada that we must look for the most definite results. But here we find conditions adverse to reciprocity, yet which could have been provided against, for they were foreseen by Mr. Marcy when the treaty was drawn up.

The buildings of railroads and canals in Canada, about completed in 1859, was in itself profitable to the United States, which furnished a large part of the materials for construction. But it forced Canada to lay a heavy duty on manufactures, and in such a way as to be adverse to the trade of the United States and of Canada as well, for, after all, Canada herself had to pay the revenue so raised. Of the statesmanship that caused Canada to assume so heavy a debt we have nothing to say. Canada had to meet her obligations. That the means chosen could operate so powerfully against reciprocal trade must be charged as a defect in the treaty, inasmuch as the treaty failed only where it did not provide for manufactured goods. The provision that Canada was to buy our manufactures as we bought her natural products rested upon a tacit understanding only as to the spirit of reciprocity and not upon any treaty stipulation. This was the great defect of the treaty, and it will be the cause of the failure of any reciprocity treaty which we may make with Canada that does not expressly provide for manufactured goods. In the treaty of 1854 the difficulty might have been avoided by fixing the limit beyond which the Canadian tariff should not go or by placing the customs in charge of officers of both nations to distribute the receipts according to population. Such arrangement would, of course, have rested upon a uniform tariff for both countries. This defect in the original treaty might have thus been remedied and its provisions so altered that the principle would have continued to operate had the desire for reciprocal relations been as great as before<sup>1</sup> the Civil War.

<sup>1</sup> Mr. Ward in his report made Feb. 5, 1862, gives the opinions of the leading cities, from Minnesota to Maine, as to the advantages of reciprocity. The opinion is almost unanimous in favor of the principle aimed at in the treaty.—(Ward's report, p. 21, Repts. of Comm. 2d sess., 37th Cong., vol. 3.)

From 1862 to 1866 the war was such a disturbing factor, and its operations so distorted all our relations with the British North American Provinces, both commercially and politically, that these years must not be included in our estimate of the results of the treaty. Even here, however, the United States reaped greater benefits than are at once apparent. As we have shown, the imports from Canada of natural products increased enormously during those years. This simply meant, as has been recently pointed out,<sup>1</sup> that while the South was cut off by our blockading fleets, the North drew upon Canada as an almost inexhaustible storehouse for supplies, not least among which were wool for blankets and horses for Army service.<sup>2</sup>

For the reasons given it has been quite impossible to trace the reciprocity treaty in the years from 1854 to 1866 through an unimpeded course. Conditions never permitted the treaty, faulty as it was, to show what would have been the results under favorable circumstances. Yet there were so many positive and well-defined benefits to both countries that it is to be hoped a future reciprocity treaty may be so drawn up that, while it will avoid the defects of the treaty of 1854, it will secure to both Canada and the United States all the advantages which reciprocal relations, with Canada at least, can not fail to produce.

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<sup>1</sup> Collier's Weekly, Feb. 1, 1902; Annexation of Canada; W. T. Stead.

<sup>2</sup> See Harvey, p. 9.

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