

602. The terms of the treaty gave great dissatisfaction in Canada, principally on two grounds : Canadian objections to Treaty.

1. That the American Government had refused to entertain, and the British Government had declined to press, the Canadian claims for compensation for losses caused by the Fenian raids.

2. That the inshore fisheries had been given up to the Americans without any proper equivalent, and without the consent of Canada being first either asked or obtained.*

603. These views were strongly represented in a report of the Committee of the Privy Council,* forwarded to the Imperial authorities, which report Lord Kimberley, then Colonial Secretary, declined to discuss at any length, only repeating a former statement that "the reciprocal concession of free fishing, with free impost of fish and fish oil, together with the payment of such a sum of money as might fairly represent the excess of value of the Colonial over the American concession, seemed to Her Majesty's Government to be an equitable solution of the difficulty."† Reply of the Colonial Secretary.

604. It was then proposed by the Canadian Government that the Imperial guarantee should be given for a loan of £4,000,000 sterling, to be applied towards the construction of the Canadian Pacific Railway and the improvement of the canals. This proposal was modified by the British Government, and it was finally arranged that Her Majesty's Government should guarantee a loan of £2,500,000, to be applied to the purposes named, on the understanding that Canada abandoned all claims on England on account of the Fenian raids ; the Canadian Government at the same time agreeing to take the necessary steps to give effect to those clauses of the treaty relative to Canada.‡ Adjustment of the difficulty.

* Report of the Privy Council, 28th July, 1871.

† Colonial Secretary to the Governor General, 23rd November, 1871.

‡ Report of the Committee of the Privy Council, 15th April, 1872.