

THE RECIPROCITY TREATY.

396. Previous to the year 1846, the trade between the British North American Provinces and the United States had been very much hampered and restricted by the laws of Great Britain in regard to her Colonies.

397. According to the United States official returns for the years 1821 to 1845, both inclusive, the total imports from the states into the British North American Provinces, including Newfoundland, amounted to \$90,124,195, and the exports from the Provinces into the States only reached the sum of \$31,040,834, showing a balance in favour of the United States of \$59,083,361.

398. In 1846 England abandoned the old colonial system of trade, the heavy duties on imports from foreign countries were repealed, most of the productions of the Colonies were placed on the same footing as those of other countries, and the Colonies themselves were empowered to repeal the differential duties in favour of British produce imposed by former Imperial Acts. In the same year the United States Government secured the enactment of an international drawback law.

399. In 1847 the Canadian Legislature removed the existing differential duties and admitted goods from the United States on the same terms as those imported from the Mother Country, the duties on United States manufactures being lowered from $12\frac{1}{2}$ per cent to $7\frac{1}{2}$ per cent, and those on the manufactures of Great Britain being raised from 5 per cent to $7\frac{1}{2}$ per cent, thus placing the United States on an equality with the parent land.

400. While the average annual trade during the 25 years from 1821 to 1845 only amounted to \$4,846,601 per annum, during five years (1850 to 1854) it increased under a more liberal policy to no less an average than \$22,320,043 per annum, not including Newfoundland. The value of commodities purchased by the provinces from the States was, however, still very much larger than the value of goods sold to them, and the balance in favour of the States at the end of the above mentioned period was \$31,505,262, which, considering that it was the result of only five years' transactions, was exceedingly large.

401. The question of reciprocity of trade between the Provinces and the States had been frequently spoken of by statesmen and others on both sides, and the increase of trade caused by the removal of restrictions in 1846 gave a fresh impetus to the idea. In the same year negotiations were opened between the Governments of Great Britain and the United States for the establishment of reciprocal free trade between the States and Canada by means of concurrent legislation. In 1848 a Bill drawn up by the Committee on Commerce of the House of Representatives, containing the principle of reciprocity, passed the House of Representatives without opposition, but failed to receive the attention of the Senate either in that year or the year following.