RECIROCITY, 1846-1911
D.C. Masters

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RECIROCITY, 1846-1911

"Reciprocity" is always understood in Canada to mean a reciprocal reduction of customs duties charged on each other's products by Canada and the United States. As a major objective of Canadian policy, reciprocity had a career which lasted some sixty-five years from 1846 to 1911. During that period Canada evolved from a group of colonies, subordinate elements in the British mercantile empire, to a mature and comparatively self-sufficient nation state.

1. Origins of the Movement

In Canada, the reciprocity movement began during the period of economic depression and political discontent which lasted from 1846 to 1850. In this period Canadians were alarmed by the action of the British Parliament in repealing the Corn Laws. Canadian breadstuffs had previously enjoyed a preference in competition with those of foreign countries entering the British market. Sir Robert Peel's measure of 1846 reduced the duties on foreign breadstuffs at once and provided that virtual free trade on breadstuffs should become effective on 1 February 1849. Faced with the loss of the British preference, Canadians began to canvass the possibility of securing free entry for their produce to the American market. In a sense the desire for reciprocity was a projection of colonialism. Having relied on a protected British market and lost it, the colonists now hoped to lean on the United States market. Pressure from three of the British North American colonies, but first and most effectively from the Province of Canada, impelled the British government to seek a reciprocity agreement with the United States.

The Canadian movement for reciprocity had its origin in the profound discontent of the Upper Canadian grain interests: farmers, millers, and forwarders. Between 1847 and 1850, there were strong assertions of support for reciprocity from such groups as the provincial agricultural associations, the inhabitants of the township of Toronto, the millers of the Niagara Peninsula, the Hamilton Board of Trade, and the "Farmers, Millers, and others interested in agriculture, at Brantford, Paris and the Grand River Plains and places adjacent to the Gore District in Western Canada." The view was widely held in Canada that prosperity would return when free entry of Canadian produce into the United States market was obtained.
The organization of the reciprocity movement was largely the work of W.H. Merritt, a St. Catharines miller who sat in the Legislature for thirty years and was a member of the Reform administration from 1848 to 1850. Merritt's career was a life-long crusade to make Canada the avenue of trade between Great Britain and the western United States. In 1846 he became convinced that a reciprocity agreement would accomplish the double purpose of satisfying the Canadian farmer and of diverting the export trade in breadstuffs from the western states to the St. Lawrence route during the summer months. He conducted an energetic campaign in his paper, the St. Catharines Journal, and in the Legislature. He was largely responsible for convincing Lord Elgin, the governor general, of the importance of reciprocity. Merritt drafted the reciprocity act passed by the Canadian Legislature in 1849, in the hope that the American Congress would pass a corresponding measure.

The proposal for reciprocity by concurrent legislation secured varying degrees of support in the Maritime colonies. In the period of depression after 1846, it was strongly supported in New Brunswick by the shipbuilding and lumber interests and by merchants and farmers. In 1849 Prince Edward Island, and in the next year Nova Scotia, passed reciprocity acts. Nova Scotia hoped for the admittance of colonial shipping to the American coastal trade. When it became clear that reciprocity was impossible without opening the fisheries to Americans, opinion turned against it. When the final negotiations for a treaty were under way, the Nova Scotia Assembly was insisting on the rigid protection of the fisheries. Even in Canada the reciprocity movement had lost much of its force with the return of prosperity and the repeal of the irksome Navigation Acts; a treaty still seemed an advantage but no longer a necessity. After 1852 only Newfoundland, which three years before had refused to send representatives to a Halifax conference on reciprocity, was actively pressing for it.

2. Negotiations at Washington, 1847-1854

Negotiations for reciprocity, begun in 1847 by the British minister, Sir John Pakenham, were not concluded until June 1854. There were a number of reasons for the fact that they were so prolonged. They were conducted in an atmosphere of intense and violent party strife in Washington between the North and the South. Civil War was to come in 1861. Southern opposition to the proposal for a reciprocity treaty was based partly upon economic considerations, but of greatest significance to the South was the supposed bearing of reciprocity on the struggle over slavery. The Southerners opposed reciprocity because they thought it would hasten the annexation of Canada and would thus increase the free-state territory of the United States. Until 1852 a second obstacle was
the stolid and almost complete indifference with which the advantages of increased trade with British America were regarded in the United States. Thomas Keefer, the great Canadian engineer who played a minor part in the negotiations, wrote to Merritt in 1850 that the Americans were as ignorant of Canada as the English; and Sir John Crampton, the British minister in 1852, reported the general apathy which he had encountered.

Under the Whig administration of Presidents Taylor and Fillmore from 1849 to 1853, the vigilant opposition of American protectionists was particularly effective. Between 1847 and 1851, three British ministers, assisted by various representatives from the colonies, attempted to secure an agreement, but all to no purpose.

The turning point in the movement for reciprocity was the result of a development in another phase of British-American relations, the dispute over American rights in British North American coastal fisheries. The chief cause of friction lay in divergent interpretations of the clause in the Convention of 1818 by which the United States had renounced the right of fish “within three marine miles of any of the coasts, bays, creeks or harbours of His Britannic Majesty’s dominions in America.” According to the American claim, the three-mile limit was to follow the coastline of the creeks, bays and harbours, whereas the British interpreted it as following a direct line from one headland to another. Suddenly, in May 1852, the British government announced the dispatch of a small fleet to protect the British North American fisheries against the encroachments of United States fishermen. This announcement produced an outburst of protest in the United States and an American fleet under Commodore M.C. Perry was sent to the fishing area. A collision between the two fleets was avoided, thanks to the tact and good sense of the commanders on both sides, but the incident had other important consequences. In September 1852, Lord Derby, the British prime minister, indicated that he was prepared to consider the opening of the fisheries to the Americans, but only as part of a general negotiation which should include reciprocity between the United States and the colonies. The fear of a collision over the fisheries impelled the American and British governments to negotiate a settlement of both issues.

Negotiations were temporarily suspended in February 1854, but the outbreak of the Crimean War in March made the British government particularly anxious to avoid the possibility of trouble in North America. Home on leave, Lord Elgin had an interview with Lord Clarendon, the foreign secretary, and wrote two days afterward, on 14 April 1854, to the lieutenant governor of Nova Scotia, “It is of the utmost importance in the present state of the World that we should settle the fishery question.” Elgin
was accordingly dispatched to Washington in May 1854 to complete negotiations with William L. Marcy, the American secretary of state.

The position at Washington in the summer of 1854 was more favourable to the treaty than appeared on the surface. The United States government was very anxious to settle the fishery controversy. American public opinion was now favourable to the proposed convention. Protectionist sentiment, a previous obstacle, was at a comparatively low ebb in 1853 and 1854. The long campaign of I.D. Andrews, a professional lobbyist, in support of reciprocity had helped to overcome opposition. The principal opponents of a treaty were still likely to be Southerners who feared that reciprocity would hasten the absorption of the colonies to the United States and would thus strengthen the anti-slavery forces in the United States.

The chances of securing a treaty were further enhanced by the skill with which Elgin handled the negotiations. By his geniality, tact, and adroitness, he turned the social season in Washington to brilliant account. Through a continuous round of *matinées dansantes*, dinners, and balls, the real end in view, the treaty, was never for a moment forgotten. "I find all my most intimate friends are democratic senators," remarked Lawrence Oliphant, Elgin's secretary, during the negotiations. "So do I," replied Elgin dryly. By establishing friendly relations with political Washington, he helped to create an atmosphere in which he helped to remove the opposition of Southerners by assuring them that reciprocity would forestall the annexation of Canada, an argument which he had repeatedly advanced to Earl Grey, the British colonial secretary (1846-1852). The treaty was completed and signed on 5 June 1854.

Elgin left Washington after signing the treaty. It remained for others to secure its passage in Congress two months later. The influence of President Pierce's administration was of very considerable importance, but marshalling support for the final vote was chiefly the work of I.D. Andrews. He conducted an energetic canvass of senators and representatives. According to his own account at least, he made large expenditures and undertook heavy obligations to ensure the passage of the treaty. Andrews appears to have been a genuine expansionist, anxious to increase Canadian-American trade, but the deviousness of his methods and the vagueness of the accounts which he submitted to the American government has made him a controversial figure.

After the Senate had voted for ratification of the treaty on August 2, the bill giving effect to the treaty passed both houses of Congress and was signed by the President on August 4. The treaty came into force in February 1855, when it had been ratified by the British Parliament and by

3. The Terms of the Reciprocity Treaty, 1854

The treaty was to remain in force for ten years, and could then be terminated by either party after twelve months' notice. It was a skilfully drafted compromise, intended to rally support and to appease, by compensating privileges, interests opposed to some of its provisions.

By Articles I and II of the treaty, fishermen of the United States were admitted to the Atlantic coastal fisheries of British North America, while British subjects were admitted to the Atlantic coastal fisheries of the United States north of the thirty-sixth parallel. These concessions included the right to dry nets and cure fish on shore, with the rights of property and of local fishermen being guaranteed. There were, however, a number of reservations. “Salmon and shad fisheries, and all fisheries in rivers and mouths of rivers” were excluded, a concession to the colonists. To avoid opposition from Maryland, British subjects were prohibited from taking shellfish in American coastal waters. So as to prevent opposition from Florida, which had defeated a reciprocity bill the year before, the treaty did not apply south of the thirty-sixth parallel. Marcy's proposal to include British Pacific coastal fisheries was dropped.

The list of goods reciprocally admitted duty-free was also a compromise. Among the earlier suggestions finally omitted were printed books, unmanufactured sugar, and agricultural implements. Southerners were mollified by the addition of pitch, tar and turpentine, dried fruits, and unmanufactured tobacco. The demands of Canada were met by the inclusion on the free list of grain, flour, and all breadstuffs; fresh, smoked, and salted meats; livestock and dairy products; seeds and vegetables; manures; and plants, shrubs, and trees. Coal, despite American resistance during the negotiations, was included as an inducement to Nova Scotia. Fish “and all other creatures living in the water” were inserted to compensate the Maritimes for American competition in their coastal waters. Canada and New Brunswick gained the inclusion, without the severe restrictions on which the Americans had at first insisted, of “timber and lumber of all kinds, round, hewed or sawed, unmanufactured in whole or in part.” To compensate the timber interests of Maine, no export duty was to be charged on American lumber floating down the St. John River. In return for this concession, Marcy withdrew his original claim to free navigation of the river. On the whole, the list of free articles was favourable to British North America; and this balanced the resentment by the colonists, especially Nova Scotians, of the fisheries clauses.
American vessels were admitted to the St. Lawrence River and the Canadian canals, paying the same tolls as native vessels. British subjects were allowed the free navigation of Lake Michigan. The American government also pledged itself to attempt to secure the admission of British shipping to state canals on terms similar to those imposed on American shipping. Marcy refused to admit colonial ships to the American coastal trade or to American registry when sold. Elgin did not insist on this Maritime demand, for fear of risking the whole complicated bargain.

4. Operation of the Reciprocity Treaty

A period of great prosperity in the colonies followed the negotiation of the treaty; trade between the British North American colonies and the United States showed a considerable increase. The following table, showing the total trade of the United States and the colonies in millions of dollars, indicates this rise:

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<th>Year</th>
<th>Value</th>
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<td>1851</td>
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<td>1852</td>
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<td>1870</td>
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Not all of these increases should be attributed to the Reciprocity Treaty.

To a considerable extent the prosperity of the period, including the increase in American-colonial trade, was the result of factors other than the treaty itself. The chief of these were the construction of railways in the United States and in the colonies, where heavy investments of British capital made possible an increased purchase of American goods; increases in population and in agricultural production on both sides of the border and development of the area around the Great Lakes; the influence of the Crimean War (1854-1856) in producing an increased demand for foodstuffs and raising their prices; and finally, the similar but much greater effect of the American Civil War (1861-1865) upon colonial exports. The influence of these other factors was increased by the fact that they coincided with a period of exceptional fiscal freedom between the United States and the colonies.
The commerce developed under the treaty was largely one of convenience. Most of the commodities enumerated in the treaty were common to both countries, although not common to all sections of either. It was more convenient for parts of British America to obtain supplies from adjoining states rather than from more remote parts of British America, while parts of the United States had the same experience in regard to British America. Often, in the case of products nominally the same, differences in quality and adaptability to different purposes contributed to the development of colonial-American trade.

The most striking example of the working of the principle of convenience was the trade in grain, particularly wheat. Wheat and wheat flour were the greatest Canadian export to the United States and in 1856 composed two-thirds of total United States imports from the province. The position of Canada as a wedge between the north-western and the eastern United States meant that wheat gathered at Chicago, Milwaukee, Detroit, and Toledo was exported to Canada at its western extremity. Later, this wheat appeared at Buffalo, Ogdensburg, or Cape Vincent, and went to New York by the Champlain Canal and the Hudson River or to Boston and Philadelphia by rail. It was supplemented by Canadian wheat and, until 1858 a good deal of it had been manufactured into flour by Canada. A large part of it was re-exported from American ports, either to the Maritime colonies or to Europe. Spring wheat from Illinois and Wisconsin found a ready market in Canada East, because of its cheapness. A greater quantity of wheat from the American West entered Canada at Kingston and was exported again through Montreal.

There were other examples of the principle of convenience. Increased exports of anthracite and bituminous coal from Pennsylvania and Ohio to Canada were balanced, to some extent, by the increased export of bituminous coal from Nova Scotia to Boston and other New England cities. The export of fish from the colonies, chiefly the Maritimes, doubled between 1853 and 1860 to reach a value of $1.7 million. Canadian imports of fish from the United States meanwhile increased fourfold. Much of the fish imported by Canada came originally from the Maritime colonies. A mutual exchange in animals and their products also occurred. Canada developed a large export of horses and cattle to the United States, the value of which more than trebled during the last two years of the Civil War to reach $9.7 million in 1866. Large quantities of beef, pork, and ham from the American North-West were shipped to Canada chiefly by way of Chicago, either for home consumption or for re-export to Liverpool. The principal articles of import by Canada from the United States—grain, meat, flour, livestock, coal, fish, fish-oil, and tallow—were very largely the articles which the British North American colonies were chiefly exporting to the United States.
The main product to be exported by the colonies, rather than exchanged, was lumber. There was an increased demand for it, exceeding the domestic supply, in the eastern and middle states and in Michigan, Wisconsin, and Minnesota. The best Canadian pine went to the expanding Chicago market, and the lumber industry of Canada West extended rapidly. Similarly, New Brunswick’s exports of lumber to the United States showed an increase, part of which consisted of lumber really destined for the old market, Great Britain. New Brunswick lumber and box shooks also went to the West Indies by way of American ports. In 1866 the United States imported duty-free from the colonies $5 million worth of lumber and timber; the trade had almost doubled in ten years.

Great expectations had been entertained for the development of the trade in the St. Lawrence under the treaty. These expectations proved to be, on the whole, unjustified. American shipping on the Great Lakes did not take any considerable advantage of the free navigation of the river to develop a direct trade with Europe. Moreover, the export trade in bread-stuffs by way of the St. Lawrence was disappointing. It experienced some increase during the treaty, but increases by the Erie Canal route were much greater. Other American routes to the ocean including railways helped further to direct the trade away from the St. Lawrence.

On the whole, the treaty was disappointing to the Maritimes. They exported more fish, lumber, and coal, but of their agricultural produce only vegetables from Nova Scotia and oats from Prince Edward Island were important exports. New England did not provide the expanding market that the Province of Canada found in the American West. It had not yet come to need the raw materials of the Maritime colonies and as a result their resources remained largely undeveloped.

5. Abrogation of the Treaty, 1866

During the first three years of its operation (1854-1857), the treaty was comparatively popular on both sides of the border, but opposition gradually developed in the United States. Farmers were steadily hostile to the treaty and, as a Detroit convention of boards of trade reported in 1856, so were “the lumbering interests of Maine and Michigan, the iron and forwarding interests of New York, [and] the great coal interests of Pennsylvania.” American transportation interests were jealous of the competition provided by the St. Lawrence route and the Grand Trunk Railroad.

Changes in the Canadian fiscal policy in 1858-60 helped to increase American opposition. William Cayley and A.T. Galt, successive Canadian ministers of finance, raised the duties on a number of articles, including wood, iron and hardware, leather, musical instruments, and cotton and
woolen clothing. These increases were prompted both by the government’s need for revenue and by demands for protection from Canadian manufacturers after the commercial crisis of 1857. Galt also changed the method of assessing duties on some articles in such a way as to encourage their importation into Canada by way of the St. Lawrence rather than through the United States. In 1860 he began to refund 90 per cent of the tolls charged on vessels passing through the Welland Canal if they continued down the St. Lawrence instead of going to American ports and to levy only 10 per cent of the tolls upon vessels which had come up the St. Lawrence. Americans claimed that these measures violated the spirit, although not the letter, of the Reciprocity Treaty. There were counter complaints from Canada at the manner in which the treaty was interpreted by the American Treasury Department. It had ruled that boards and planks, although only planed, tongued, or grooved, were manufactured and therefore subject to duty. As well, after 1858, flour manufactured in Canada from American wheat was denied free access to the United States because it did not satisfy the terms of the treaty as being the growth and produce of Canada.

During the Civil War, Northern resentment developed against Great Britain and against the British North American colonies. It was the result of a whole series of incidents: the Trent and Chesapeake affairs of 1861 and 1863; the career of the Alabama; and the two raids by Southern conspirators operating out of Canada, the Johnson’s Island raid and the St. Alban’s raid in September and October 1864. The following December, at the height of American resentment, the House of Representatives considered the renewal of the Reciprocity Treaty. It resolved instead for abrogation. The Senate concurring, the United States gave the necessary one year’s notice and the treaty came to an end on 17 March 1866.

The treaty has often been regarded as a victim of political resentment against Canada during the Civil War, but the constant factor in the movement against the treaty and the real foundation of the opposition was protectionist opinion, especially in the state of New York. By January 1865 Anglo-American tension was considerably relaxed and the Senate made a genuine attempt to discuss the case on its merits. Debates in the Senate indicated not only the strength of protectionist opinion, but also the fact that the fiscal necessities of the federal government had given protectionists a strong argument for the restoration of tariffs. The other retaliatory measures which had been taken against Great Britain and Canada (the abrogation of the Rush-Bagot Convention and the imposition of a passport regulation for immigration other than by sea) were soon rescinded. Only abrogation of the Reciprocity Treaty, for which there were motives other than the political one, was not rescinded.
6. *Aftermath of the Treaty*

The immediate commercial effect of abrogation was not so great as had been expected. Trade fell sharply, but the disparity between the returns for 1867 and those of the two preceding years can largely be explained by the fact that the impending abrogation of the treaty had precipitated an eleventh-hour rush of goods from the colonies into the United States. Trade soon began to rally until by 1870 it very nearly reached the height achieved in 1865. The real improvement in trade was greater than is shown in the returns because of the improvement which occurred in American currency after the Civil War. The American demand for a number of Canadian staples such as lumber, barley, peas, wool, and horses remained good and constant. On these articles the chief result of abrogation was to burden the American consumer with increased duties.

The loss of free access for Americans to the colonial fisheries might have been expected to produce a revival of irritation, but this was largely avoided because of the reluctance of the British government to enforce its interpretation of the Convention of 1818. The colonies adopted a policy of admitting United States fishermen to the inshore fisheries upon purchase of a licence. Friction between Canada and the United States was not altogether avoided, as in 1868 even this mild policy evoked strenuous protests from Congress. In 1870 the Canadian government ended the system of licences and made provision to prevent illegal encroachments on Canadian waters. In 1871 the question was settled by the Treaty of Washington.

The abrogation of the Reciprocity Treaty gave some impetus to the Confederation movement in British North America. In the debates on Confederation in the Canadian Legislature in February and March 1865, both Galt and George Brown stressed the advantages of the large domestic market which union of the colonies would bring. Representatives of the five colonies, meeting at Quebec in September 1865 to consider the problem of impending abrogation, passed resolutions in favour of a "common commercial policy." A common policy gave prospects of reciprocity agreements with the West Indies, the Spanish colonies, Mexico, and Brazil. Perhaps a common government could also obtain a new agreement with the United States.

7. *More Treks to Washington*

Between 1866 and 1911 Canadians made a long series of attempts to secure another reciprocity agreement. Protectionist sentiment in both countries was strong enough to defeat them. During the Civil War the general level of American duties had more than doubled, to 47 per cent
and, although a 10 per cent reduction was made in 1872, a year of surplus revenue, the depression of 1873 soon sent tariffs rising again. With the increasing pace of industrialization in the United States, reciprocity in natural products alone was an increasingly forlorn hope. In 1871 a very full report of the working of the Reciprocity Treaty was made for the American government by Josephus N. Larned, an Ontario-born businessman of Buffalo. His conclusion was that the treaty had not secured any important Canadian market for American goods, although “an intimate unrestricted commerce” including manufactures would do so. “We want,” he wrote, “such an adjustment of trade that the provinces shall not sell what they have to sell in the United States, and buy what they have to buy in Great Britain.” He did not think that reciprocity including manufactures was very likely, since it would require Canada to discriminate against British goods. Even before tariffs began to rise again, there was thus little interest in reviving the kind of reciprocity that had existed from 1854 to 1866.

Even before the old treaty went out of operation, a colonial delegation, which included A.T. Galt, had failed to revive it. The Committee of Ways and Means of the House of Representatives offered a free list consisting only of unwrought burr-millstones, unfinished grindstones, unground gypsum or plaster, firewood, and cotton or linen rags! During the next three years (1867-1870), a professional lobbyist, George W. Brega, was paid at least $21,500 by the Canadian government to secure the passage through Congress of a reciprocity measure, but it was wasted money.

As one of the plenipotentiaries negotiating the Treaty of Washington in 1871, Sir John A. Macdonald fought hard for an extensive measure of reciprocity. He got little support from his British colleagues, who were concerned to effect a general settlement of the disputes outstanding with the United States. The easiest way to do this would have been to sell Maritime coastal fishing rights to the Americans outright. Macdonald prevented this, but after two appeals to the British Cabinet the Canadian position was rejected as “rampantly unreasonable” and he had to give up any hope of repealing the bargain of 1854. The Americans did at one stage offer trade concessions, but they fell far short of what Canadians wanted. In the end, Canada was compensated for sharing her Atlantic fisheries not by reciprocity, but by a money payment. Canadian and American fishermen were admitted to each other’s coastal fisheries along the eastern coast of North America, for twelve years. Prince Edward Island, not yet in the Dominion of Canada, was included in the terms of the treaty. The amount of compensation was set in 1877 by an international commission at $5.5 million. Only fish and fish-oil were to be freely exchanged between the two countries.
Although the fisheries clauses of the treaty were ratified by the Canadian Parliament, Macdonald was bitterly criticized for his failure. In 1874 it was the turn of a Liberal government to feel the weight of American indifference to reciprocity. George Brown, acting as British plenipotentiary with the British minister at Washington, Sir Edward Thornton, submitted a draft treaty to the American secretary of state. Brown's free list included lumber, coal, and all the important Canadian farm products, but in the hope of getting an agreement ratified by Congress he extended the list of manufactured goods and even offered to deepen Canadian canals to fourteen feet. The Senate received the treaty, together with a guarded and inconclusive message from President Grant, two days before adjournment. It advised against proceeding further and there the matter died. Quite apart from protectionist hostility to it, the draft treaty was badly timed. Customs and excise duties made up five-sixths of American federal revenue, which was hard-hit by the depression. In 1874 the Liberals in Ottawa had to raise the general duty on manufactures to 17.5 per cent, in an unsuccessful attempt to escape from continued budget deficits. By this time protectionist sentiment in central Canada had become increasingly strong. When Brown's mission was being proposed, the Liberal cabinet had specified that reciprocity was desirable "so long as it was not seriously prejudicial to Canadian industrial interests." Brown's proposals, which included thirty-seven manufactures besides the whole range of agricultural implements, were condemned by Canadian boards of trade and manufacturing associations. Before the election of 1878 the Conservatives, responding to this trend, had abandoned reciprocity of trade for "reciprocity of tariffs."

8. Commercial Union and Unrestricted Reciprocity

During the period 1875-1900, Canadian policy in regard to the United States developed against a background of domestic controversy. Advocates of closer relations with the United States such as Sir Richard Cartwright, Erastus Wiman, and Goldwin Smith were vigorously opposed by those who stressed the British connection. These servile imperialists such as George T. Denison, G.M. Grant, and George Parkin envisaged Canada's future as that of a powerful nation within the British Empire. Their influence combined with that of the advocates of Macdonald's National Policy to counteract the trend toward closer ties with the United States.

During this period of controversy, there were attempts on both sides of the border to revive the idea of reciprocal trade. In 1876 the Committee on Commerce of the House of Representatives suggested negotiations for a limited customs union. In the same year, the leaders of the Liberal party in Canada specifically rejected the idea of copying the Conservatives' protectionist platform, although Ontario urban Liberals were in favour of
it. In the next fifteen years, however, protectionist forces in both countries won durable victories. The Conservatives swept into power in 1878 with the “National Policy” tariff. In the United States, the Hayes Commission of 1882-83 undertook a general revision of the tariff, the result of which was to frustrate all attempts to make significant reductions. President Cleveland (1884-1888) also failed to induce Congress to lower tariffs, and the issue was a major one in his defeat by the Republican candidate, Benjamin Harrison. The result was a deliberate extension of protective duties in the famous McKinley Tariff of 1890. When the Democrats regained control of Congress, their tariff of 1894 was a confused measure which Cleveland (again in office, 1892-1896) allowed to pass without his signature and which did not attempt to reverse the established protectionist trend.

Meanwhile, in the 1880s in Canada, disappointment with the country’s rate of economic growth was leading to second thoughts about the protective tariff. A much closer relationship with the United States was proposed than had been contemplated by most previous advocates of reciprocity. This was Commercial Union; it meant the complete abolition of customs duties and of customs houses between Canada and the United States, the establishment of a common tariff for the two countries, and the division of the income from the tariff, between the two countries, in an agreed proportion. The most persistent advocate of this scheme was Erastus Wiman, a former Canadian who spent most of his career in business in the United States. He was supported by a business associate, S.J. Ritchie, who had mining interests in Canada; by the Philadelphia financier, Wharton Barker, who had been a strong opponent of reciprocity in natural products; and by the Ohio congressman, Hezekiah Butterworth. In Canada the movement made some headway, particularly in southwestern Ontario where farmers saw in it the prospect of cheaper manufactured goods and a wider market for their produce. Henry W. Darling, the president of the Toronto Board of Trade, was active in support of it and so was Goldwin Smith, the noted historian and scholar. In 1887 the Commercial Union League was formed with Goldwin Smith as president and G. Mercer Adam, a Toronto publisher, as secretary.

Commercial Union became a major political issue. It was accepted by some Liberals, especially by Sir Richard Cartwright, the financial expert of the party. But in the election of 1887, the Liberal leader, Edward Blake, refused to admit that the tariff was an issue and when he retired shortly afterwards, Wilfrid Laurier, the new Liberal leader, refused to endorse Commercial Union. Instead the Liberals undertook to secure Unrestricted Reciprocity. By this term they meant a complete removal of customs duties between the two countries, but customs houses were to be retained and the Canadian and American tariffs were not to be assimilated. The Liberals, in
a parliamentary caucus at the beginning of the session of 1888, adopted a resolution calling for negotiations to secure "full and unrestricted reciprocity of trade" with the United States. For the next three years the Liberals, particularly Laurier and Cartwright, were vigorous in educating the country to the acceptance of Unrestricted Reciprocity. There was some difference of opinion among the Liberals as to the meaning of the term "unrestricted." Some regarded it as meaning a wide range of products traded between the two countries, but not all products.

Even though they had adopted a more moderate scheme than Commercial Union, the Liberals were unable to avoid the charge that they were really trying to lead Canada into political union with the United States. It was inevitable that the charge should be made, since the National Policy was supported in Canada not only by economic nationalists, but also by advocates of the British connection. Moreover several advocates of Commercial Union also recommended annexation, or at least regarded it as inevitable. In the election of 1891, the Conservatives made telling use of a pamphlet by one such advocate, Edward Farrer, a writer on the Toronto Globe. It declared that a strong annexation movement would begin in Canada as soon as Sir John Macdonald (then seventy-six years old) should retire, and outlined ways in which the United States could encourage it. Macdonald was thus able to campaign as an outraged patriot—"A British subject I was born, a British subject I will die," he declared—and in spite of losses in central Canada, to defeat the Liberals for the fourth consecutive time. On the day after the election of 1891, the former Liberal leader, Edward Blake, published his famous West Durham letter repudiating Commercial Union because he thought it must lead to annexation.

The Conservative leaders, even while demonstrating the political dangers of reciprocity, were aware of its possible commercial advantages. In 1887, after the United States had denounced the fisheries clause in the Treaty of Washington, Sir Charles Tupper was included as Canadian representative in a British delegation to Washington headed by the British statesman, Joseph Chamberlain. Tupper tried to repeat the bargain of 1854, conceding the fisheries for what he called "an unrestricted offer of reciprocity." His plan was brushed aside by the American negotiators. Even the treaty which was negotiated providing for the entry of United States fishermen to Canadian coastal waters and the free entry of Canadian fish into American markets was rejected by the United States Senate. However, the fisheries dispute, but not the question of reciprocity, was settled by an extension of the licence system that had been in effect before 1871. Again, when in 1890 a trade and fisheries treaty between the United States and Newfoundland was negotiated, Canadian representatives went to Washington for general discussions, but these ended when the secretary
of state publicly denied that a reciprocity treaty was under consideration. In February 1892 the Conservative administration made some effort to secure a reciprocity agreement: a delegation led by Sir John Thompson, soon to become prime minister, proposed the free list of 1854 as a basis for discussion. Since this list did not include manufactures, it was rejected. The strength of protectionist opinion in the Conservative party made it impossible to offer to the Americans concessions sufficiently attractive to produce serious discussions.

The defeat of 1891 finished the proposal for Unrestricted Reciprocity. Two years later, a Liberal convention endorsed limited reciprocity, "including a well-considered list of manufactured articles," but this was subordinated to a general demand for a lower tariff. When they finally came into office, however, the Liberals enacted a moderately protective tariff, which simply continued the slight downward revision of duties begun by Conservative governments after 1891. The main new feature of the tariff of 1897 was the introduction of maximum and minimum rates, the latter reserved for countries giving Canadian goods favourable terms. This turned out to be the first step, not towards reciprocity with the United States, but towards imperial preference. Another false start was the Joint High Commission, set up in 1898 to consider "all controversies" between the United States and Canada, including the question of reciprocity. The four Canadians on the Commission (Laurier, Cartwright, John Charlton, and Sir Louis Davies) were distinctly cautious in advocating reciprocity. The Commission adjourned after five months without reaching an agreement on any of the issues which it considered. It was with considerable reason that Laurier's government did not implement the convention promise of 1893. Prosperity in both countries for a decade after 1896 had its usual effect of pushing tariff questions into the background. In Canada the expansion of settlement and in the United States the problems of railroads, trusts, and monopolies, attracted more public attention. As a party, the Liberals were not united on tariff policy. In 1902, when Israel Tarte rebelled against his leadership, and again over the tariff of 1907, Laurier refused to yield very much to the protectionist wing that had developed within the party. Yet older Liberals, and especially rural Liberals in the Maritimes and the prairies, were left impatient for lower duties on manufactured goods. With this uneasy compromise, and with American protectionism reaching new heights in the Dingley Tariff of 1897, there seemed little prospect of changing the decision Laurier had announced soon after coming into office: "There will be no more pilgrimages to Washington."
9. Canada Rejects Reciprocity, 1911

Ironically, the most promising attempt to secure a reciprocity agreement was rejected not by the United States but by Canada. Reciprocity became a public issue again rather suddenly. In the United States the Republicans, who had won the election of 1908 on a platform of tariff revision — widely understood to mean reduction — proceeded to enact the Payne-Aldrich Tariff, which not only made few important reductions, but provided a new set of maximum rates to retaliate against countries which did not give American goods equal treatment. Combined with the new doctrine that a fair tariff was one which would compensate for the higher American cost of production of any commodity, the new tariff was a protectionist weapon that was widely attacked as a betrayal of the revisionist campaign. President Taft was not anxious to use it, particularly after the congressional elections of 1910 left the Democrats in control of the House of Representatives and a group of rebellious Republicans with progressive leanings in a strong position in the narrowly divided Senate. He was therefore willing, not only to agree that imperial preference did not amount to discrimination against American goods in the Canadian market, but also to accept some nominal concessions in 1910 as compensation for the preferential trade agreement Canada had concluded with France. Nor did he press hard for the removal of the restrictions that Ontario and Quebec had placed on the export of raw pulpwood, restrictions which had been maintained in spite of the American offer of lower duties on pulp and manufactured paper if they were removed. Meanwhile Laurier, on a speaking tour of the West in 1910, had been confronted by farmers with many demands for lower tariffs and for reciprocity. When Taft, in an interview with the editor of the Globe, expressed interest in a trade agreement, Laurier was persuaded by his minister of finance, Nova Scotian W.S. Fielding, to begin discussions.

The result was an agreement reached in January 1911 by Fielding and Philander C. Knox, the United States secretary of state. It provided for complete free trade in natural products of the farm: grain, fruits, vegetables, farm animals. Natural products in secondary form—meats, canned goods, flour, biscuits, pickles — were to be exchangeable at low rates of duty. A variety of other products including agricultural implements and engines, building material, and partly finished lumber were to be admitted at low rates. Pulpwood was to be admitted free by the United States when the provinces withdrew their embargo on the export of pulpwood cut on government-owned lands. The arrangement was to be effected by concurrent legislation, not by treaty — a device avoiding the constitutional necessity for formal British participation. The agreement was later described by John W. Dafoe of the Manitoba Free Press,
as "making allowance for changed conditions, the treaty of 1854 over again." That is, since its main emphasis was on natural rather than manufactured products, it was the kind of agreement to which Americans had objected since 1866.

The legislation enacting the agreement passed both houses of Congress by July 1911, although there was bitter protectionist opposition in the Senate. However, the agreement produced lengthy discussion in the Canadian House of Commons, both before and after the attendance of Sir Wilfrid Laurier at the Imperial Conference of that year. The House was dissolved on July 29 and a general election called for September 21.

The discussion over reciprocity cut across party lines and brought some Liberals including former cabinet minister, Clifford Sifton, and an insurgent Toronto group, the Committee of Eighteen, into the Conservative camp. The campaign indicated at least five distinct attitudes in the opposition to the Laurier government. First, there were economic interests aligned against reciprocity, especially in the two central provinces. The Canadian Manufacturers' Association, an effective body since its reorganization in 1900, regarded the agreement as the thin end of a wedge, to be followed by more extreme measures of free trade. Nearly two-thirds of Canada's imports already came from the United States, and manufacturers wanted increased protection against American competition. For millers, packers, canners, and brewers, free trade in natural products meant that the prices of their raw materials would rise to American levels. They argued not only that Canadian industry should be protected against foreigners, but that Canadians should conserve their natural resources for their own use. Reciprocity, it was claimed, would make Canada "the backyard and lumber camp of New England." The railroad companies, too, were afraid that closer connections with the United States would ruin the east-west trade which Canadians had so painstakingly built up.

There was also the fear, already aroused by Laurier's insistence on autonomy, that Canada was about to secede from the Empire and join the United States. This fear was stimulated by some unfortunate American utterances. President Taft declared that Canada was at the parting of the ways and Champ Clark, Speaker of the House of Representatives, asserted, "I am for it [the agreement], because I hope to see the day when the American flag will float over every square foot of the British North-American possessions clear to the North Pole." Combined with this fear was a third factor, Canadian resentment at previous pilgrimages to Washington. The result was that, as in 1891, reciprocity was widely regarded as a political rather than a commercial question.
This tendency was increased by the fact that reciprocity was not the only issue in the election. Laurier in 1910 had made provision for the establishment of a Canadian navy. A fourth source of opposition therefore came from the conviction, in some parts of English-speaking Canada, that he had not gone far enough in giving assistance to Great Britain in the face of German naval growth. Finally, the naval bill was the principal issue in Quebec, where French-Canadian nationalists thought it too British. Although this was their principal concern, they also opposed reciprocity, primarily as a condition of the alliance which they had formed with English-speaking Montreal Conservatives. The Conservative campaign in Quebec was led by F.D. Monk, who was much under the influence of the great French-Canadian nationalist, Henri Bourassa. Bourassa was defended in the ultra-Conservative Montreal Gazette by a prominent English-speaking Conservative, C.H. Cahan. Later in the campaign, Cahan coined the slogan which gave a semblance of unity to the alliance of the Conservatives with French-Canadian nationalists: “No navy made in London; no reciprocity made in Washington.”

The election ended in the decisive defeat of the Laurier government. Seven cabinet ministers lost their seats, including the negotiator of the reciprocity agreements, Fielding. The Liberals were crushed in Ontario, the stronghold of both economic and nationalist resistance to their policies; J.W. Dafoe, the editor of the Manitoba Free Press, was of the opinion that the Liberals were on the way out in any case, and that the reciprocity issue helped the party in the long run by giving them a fighting cause which obscured the real bankruptcy of the administration. Richard Johnston and R.B. Percy, who have stressed economic factors in the Liberal defeat, agree with Dafoe that the Liberals were on the way out. They contend that reciprocity, by appealing to producer groups, enabled the Liberals to do better in the actual election results. Whether or not dislike of reciprocity was the main cause of the Liberal defeat, that defeat ended reciprocity as a major public issue.

10. Conclusion

After 1911 reciprocity ceased to be regarded as a factor of very great importance to the Canadian people. Piecemeal concessions, like the admission of Canadian newsprint virtually free by the Underwood Tariff in 1913, occasioned neither fear of annexation nor demands for full reciprocity. The treaties of 1935 and 1938, made possible because the Reciprocal Trade Agreements Act of 1934 allowed the American administration to lower tariffs, were rather small breaches in a high tariff wall. They aroused less concern in Canada, and less enthusiasm, than had the treaty of 1854 or the agreement of 1911. The changed attitude to reciprocity
was a result of changed conditions in Canada. Since the 1870s Canadians had engaged in the development of a great National Policy. The main features of the National Policy have been described by Easterbrook and Aitken in their *Canadian Economic History* as "the central place of the St. Lawrence area as the basis for continental expansion, the reliance on transportation improvements to provide the backbone of this expansion, the emphasis on a few staple products for export to European markets, the encouragement of developments in finance and secondary industries to support this structure, and finally the slow shifts to tariffs to round out this broadly conceived policy of economic growth." Increasing maturity, produced by the fulfilment of this National Policy, made Canadians less dependent on reciprocity. The strong desire of Canadians for free entry to the American market in 1847-50 had been the result of depression and also of economic immaturity. A changed attitude of comparative self-sufficiency showed itself in the discussions of 1898-99 and 1911 and to a greater extent after 1911. It did not preclude the development of increasing trade with the United States nor of heavy importations of American capital; these continued uninterrupted by the rejection of the 1911 agreement and the United States, already the largest supplier of imported goods to Canada, also became the largest purchaser of Canadian exports.

For many years after 1911, reciprocity lost its political overtones with the development of Canadian status and the fading of memories of American expansionism. Canadians, after 1911, did not feel that special tariff arrangements with the United States were either the main danger to their separate existence or the main hope of their economic growth. However, in the years after World War II, heavy capital importations from the United States and the trend toward a branch-plant economy produced in Canada a resurgence of fear of American expansionism. This was accompanied by sporadic proposals for larger measures of free trade with the United States, but protectionist elements were always able to resist them.

Much of the story of Canada’s economic growth can be written in terms of the rise of Canadian metropolises, Montreal and, later, Toronto. Support for reciprocity was stronger in the hinterland than in the metropolis itself. Montreal, closely identified with native industry, finance, and transportation systems, was never very keen on reciprocity. The city played no active part in the movement which culminated in the negotiation of the treaty of 1854 and, when the treaty failed to give much impetus to the trade of the St. Lawrence, Montreal gradually became hostile to reciprocity. A.T. Galt’s policies of protection in 1858-60 and his efforts to divert trade to the St. Lawrence route were obviously a result of concern for the interests of Montreal. These policies helped to bring about the
abrogation of the treaty. The strongest agitation for reciprocity in 1847-54 came from Montreal's hinterland in Upper Canada where farmers, forwarders, and millers were anxious to escape from Montreal dominance. By 1911, Toronto had come to rival Montreal as a metropolis and both cities were hostile to reciprocity. Again, it was the hinterland, this time the prairie West, which demanded reciprocity. After World War I, the Progressive Party advocated a lower tariff on imports from the United States but, after the collapse of the Progressives in 1925-30, Westerners largely gave up the attempt to adjust the tariff in their own interests and sought to secure a larger share of the national income by other means: guaranteed prices on wheat, resistance to raises in freight rates, unorthodox monetary policies. No new frontier region came to succeed the western farmer as the advocate of reciprocity.

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The controversy about I.D. Andrews was carried on in the Canadian Historical Review. See articles by William D. Overman (September 1934); Thomas Le Duc (December 1934); D.C. Masters (June 1936); Irene W.D. Hecht (December 1963); and James A. Thorpe (September 1969). Chapter