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RECIPROCITY TREATY.

S P E E C H

OF

HON. CHARLES SUMNER,

OF MASSACHUSETTS,

*ON THE RESOLUTION FOR THE TERMINATION OF THE RECIPROCITY
TREATY BETWEEN THE UNITED STATES AND GREAT BRITAIN;*

IN THE SENATE OF THE UNITED STATES, DEC. 21ST, 1864, AND JAN. 12TH & 13TH, 1865.

NEW YORK YOUNG MEN'S REPUBLICAN UNION:

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RECIPROCITY TREATY.

SPEECH

OF

HON. CHARLES SUMNER,
OF MASSACHUSETTS,

ON THE RESOLUTION FOR THE TERMINATION OF THE RECIPROCITY TREATY
BETWEEN THE UNITED STATES AND GREAT BRITAIN;

In the Senate of the United States, December 21st, 1864, and January 12th and 13th, 1865.

The following Resolution passed the House of Representatives Dec. 13th, 1864:

JOINT RESOLUTION authorizing the President of the United States to give to the government of Great Britain the notice required for the termination of the Reciprocity Treaty of the fifth of June, 1854.

Whereas, Under the treaty made by the United States with Great Britain, proclamation of which was made by the President of the United States on the 11th of September, 1854, for the purpose of extending reciprocal trade between the British North American Colonies and the United States, 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; and whereas the President of the United States, in the first session of the Thirty-sixth Congress, caused to be submitted to the House of Representatives an official report setting forth the inequality and injustice existing in our present intercourse with Canada, subversive of the true intent of the treaty, owing to the subsequent legislation of Canada; and whereas, by the fifth article of the treaty provision was made that it should remain in force for ten years from the date in which it

should go into operation, and further until the expiration of twelve months after either of the high contracting parties should give notice to the other of its wish to terminate the same, each of the high contracting parties being at liberty to give such notice to the other at the end of the said term of ten years, or at any time afterwards: and whereas by a further proclamation, issued by the President of the United States, bearing date the sixteenth day of March, one thousand eight hundred and fifty-five, it was declared that the said treaty should go into effect and be observed on the part of the United States; and whereas it is desirable that friendly relations should be continued between the United States and the British North American provinces, and that commercial intercourse should be hereafter carried on between them upon principles reciprocally beneficial and satisfactory to both parties: Therefore

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 said Reciprocity Treaty of the 5th of June, 1854, for the termination of the same.

Dec. 20.—Mr. SUMNER, from the Com-

mittee on Foreign Relations, in the Senate, reported the following substitute :

JOINT RESOLUTION providing for the termination of the Reciprocity Treaty of fifth of June, eighteen hundred and fifty-four, between the United States and Great Britain.

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

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

Dec. 21.--Mr. SUMNER called up the subject. The substitute reported by him was adopted by way of amendment. On the passage of the Joint Resolution, as amended, he spoke briefly as follows :

Mr. President: I had originally intended, on the consideration of this proposition, to review the whole subject, and to exhibit at length the history of the reciprocity treaty, and the existing reasons for its termination. But after the debate of a few days ago, and considering the apparent unanimity in the Senate, I have felt unwilling to occupy the time by any protracted remarks. They are not needed.

The people of the United States have been uneasy under the Reciprocity Treaty for several years; I may almost say from its date. There was a feeling that it was

more advantageous to Canada than to the United States; that in short, it was unilateral. This feeling has of late ripened into something like conviction. At the same time the exigencies of the present war requiring so large an expenditure, make it unreasonable for us to continue a treaty by which the revenues of the country unquestionably suffer. It is such considerations as these which have brought the public mind to its present position. The unamiable feelings manifested toward us by the people of Canada have had little influence on the question, unless, perhaps, they may have conspired to compel us to look at it in the light of reason rather than of sentiment.

The question of the fisheries is included in this treaty. But it is not doubted that before the termination of the treaty some arrangement, either by reciprocal legislation or by further negotiation, can be made on this matter so far as it may be needed.

The committee, after careful consideration at a full meeting, was unanimous in its report. And as the committee represents all parts of the country and all sentiments of the Senate, I have thought that perhaps there might be a similar unanimity among Senators. Therefore I forbear all further remarks, and ask for a vote.

On the motion of Mr. Hale the further consideration of the question was postponed. On the 12th of January, 1865, it was resumed, when Mr. SUMNER made the following statement :

The Reciprocity Treaty has a beautiful name. It suggests at once exchange, equality, equity; and it is because it was supposed to advance these ideas practically that this treaty was originally accepted by the people of the United States. If, however, it shall appear that while organizing an exchange it forgets equality and equity in any essential respect, then must a modification be made in conformity with just principles.

I mean to be brief, but I hope, though brief, to make the proper conclusion apparent. It is a question for reason and not for passion or sentiment, and in this spirit I enter upon the discussion.

The treaty may be seen under four different heads, as it concerns, first, the fisheries; secondly, the navigation of the St. Lawrence; thirdly, the commerce between the United States and the British provinces, and fourthly, the revenue of the United States.

1. The fisheries have been a source of anxiety throughout our history, even from the beginning, and for several years previous to the reciprocity treaty they had been the occasion of mutual irritation, verging at times on positive outbreak. The treaty was followed by entire tranquility, which has not been for a moment disturbed. This is a plain advantage which cannot be denied. But so far as I have been able to examine official returns, I do not find any further evidence showing the value of the treaty in this connection, while opinions, even among those most interested in the fisheries, are divided. There are partisans for it in Gloucester, and partisans against it in Maine.

If the treaty related exclusively to the fisheries, I should not be willing to touch it; although the circumstance that representatives of these interests differ with regard to its value may leave it open to debate. But the practical question remains, whether any seeming advantage in this respect is sufficient to counterbalance the disadvantage in other respects.

2. Next comes the navigation of the St. Lawrence. But this plausible concession has proved to be little more than a name. It appears that during the first six years of the treaty only forty American vessels, containing 12,550 tons, passed seaward through the St. Lawrence, and during the same time only nineteen vessels, containing 5,446 tons, returned by the same open highway! These are very pretty amounts when we consider the value of the commerce on the lakes, which, in 1856, was \$587,197,320, or when we consider the carrying trade between the United States and the British provinces. Take the years 1857-62, and we shall find that during this period the shipping of the United States which cleared for the British provinces was 10,707,329 tons, and the

foreign shipping which cleared during this same period was 7,391,399 tons, while the shipping of the United States which entered at our custom-house from the British provinces was 10,056,183 tons and the foreign shipping which entered was 6,453,520 tons. I mention these things by way of contrast. In comparison with these grand movements of value the business which we have been able to do on the St. Lawrence seems to be trivial. It need not be considered as an element in the present discussion.

3. The treaty may be seen next in its bearings on the commerce between the two countries. This has increased immensely; but it is difficult to say how much of this increase is due to the treaty, and how much is due to the natural growth of population, and the facilities of transportation in both countries. If it could be traced exclusively or in any large measure to the treaty, it would be an element not to be disregarded. But it does not follow from the occurrence of this increase *after* the treaty that it was on *account* of the treaty. *Post hoc ergo propter hoc* is too loose a rule for our Government on the present occasion.

The census of the United States and of British provinces will show an increase of population which must not be disregarded in determining the origin of this increase of commerce.

There are also the railroads furnishing prompt and constant means of intercommunication which have come into successful operation only since the treaty. It would be difficult to exaggerate the influence they have exercised in quickening and extending commerce. I cannot doubt that the railroad system of the two countries has been in itself a Reciprocity Treaty, more comprehensive and equal than any written on parchment.

The extent of trade before and after the treaty may be seen in a few figures.

In the three years immediately preceding the treaty the total exports to Canada and the other British provinces were \$48,216,518, and the total imports were \$22,588,577; being of exports to imports in the proportion of one hundred to forty-six.

In the ten years of the treaty the total exports to Canada and the other British provinces were \$256,350,931. The total imports were \$200,399,786. According to these amounts the exports were in the proportion of one hundred to seventy-eight. If we take Canada alone we shall find the change in this proportion greater still. The total exports to Canada in the three years immediately preceding the treaty were \$31,846,865, and the total imports were \$16,589,624; being in the proportion of one hundred to fifty-two; while the total exports to Canada alone during the ten years of the treaty were \$170,371,911, and the total imports were \$161,474,349, being in the proportion of one hundred to ninety-four.

I present these tables simply to lay before you the extent and nature of the change in the commerce between the two countries. But I forbear embarking on the much debated inquiry as to the effect of a difference between the amount of *exports* and of *imports*, involving as it does the whole perilous question of the balance of trade. In the view which I take on the present occasion, it is not necessary to consider it. The Reciprocity Treaty cannot be maintained or overturned on any contested principle of political economy.

4. I come, in the last place, to the influence of the treaty on the revenue of our country; and here the custom-house is our principal witness. The means of determining this question will be found in the authentic tables which have been published from time to time in reports of the Treasury, and especially in the report made to Congress at this session, which I have in my hand.

Looking at these tables we find certain unanswerable points. I begin with an estimate founded on the trade before the treaty. From this it appears that, if no treaty had been made, and the trade had increased in the same ratio as before the treaty, Canada would have paid to the United States in the ten years of the treaty at least \$16,373,880, from which she has been relieved. This sum is actually lost to the revenue of the

United States. In return Canada has given up \$2,650,890, being the amount it would have collected, if no treaty had been made. Here is a vast disproportion to the detriment of the revenue of the United States.

Here is another illustration, derived from the tables. During the ten years of the treaty the United States have actually paid in duties to Canada alone \$16,802,962, while during this same period Canada has paid in duties to the United States the very moderate sum of \$930,447. Here again is a vast disproportion, to the detriment of the revenue of the United States.

The same inequality may be seen in another way. During the ten years of the treaty *dutiable* products of the United States have entered Canada and the other provinces to the amount of \$84,347,019, while during this same period *dutiable* products of Canada and the other provinces have entered the United States only to the amount of \$7,750,482. During this same period *free products* of the United States have entered Canada and the other provinces to the amount of \$118,853,972, while *free products* of Canada and the other provinces have entered the United States to the amount of \$178,500,184. Here, again, is a vast disproportion, to the detriment of the revenue of the United States.

Add to these various results the statement in the report of the Secretary of the Treasury, which has been just laid on our tables, in the following words:

"The treaty has 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."—*Foreign and Domestic Commerce*, 1864, page 93.

This conclusion is in substantial harmony with that which I had reached from an independent examination of the tables.

From these various illustrations it is clear that the revenue of the United States has suffered by the treaty in question, and that in this important particular its advantages have not been shared equally by the two countries. Here, at least, it loses all title to its name.

But the onerous character of this treaty

has become manifest in other forms since the adoption of our system of internal revenue. I need not remind the Senate of the extent to which we have gone in seeking out objects of excise, and now there are various propositions still pending in the same direction, seeking new objects; but it is notorious that such taxation is always graduated with reference to the tariff on the same objects when imported from abroad. But here the Reciprocity Treaty steps forward with its imperative veto. Thus, for instance, the lumber of our country is left free from excise, though I am assured that it might well bear it, simply because no countervailing tax can be imposed upon lumber from the British provinces. Had a tax of five per cent. been imposed upon the lumber of our country, I am assured, from those familiar with the subject, that we should have received at least \$5,000,000; all of which is lost to our annual revenue. But this is only a single illustration.

There are other ways in which the treaty and our excise system come into conflict. Practical difficulties, I am assured, have already occurred in the Bureau of Internal Revenue. But this conflict will be seen in the extent to which the business of the country, and even its agriculture, is taxed now. Everything is taxed. Even the farmer works now with taxed tools. These considerations, with the increased value of labor among us, must give new advantages to the productive interests of Canada as compared with ours, and tend still further to the unequal operation of the treaty. Even admitting its original equality, you cannot deny that the currents of war, in these latter days, may have worked changes requiring new arrangements and adaptations.

Mr. President, such is the result of a candid inquiry into the operation of this treaty, as it concerns the fisheries, the navigation of the St. Lawrence, the commerce of the two countries, and the revenue of the United States. I have kept nothing back favorable to the treaty that could be adequately stated in the brief space which I

have allowed myself, nor have I exaggerated its unequal operation.

And now the question is, shall this condition of things be reconsidered? The treaty itself, as if anticipating this exigency, furnishes the opportunity by expressly providing for its termination at the expiration of ten years, on notice of one year from either party. Great Britain is free to give this notice; so are the United States. Considering the present state of the country, it would seem to be improvident not to give the notice. We must husband our resources; nor can a foreign Government justly expect us to continue a treaty which is a drain upon our revenue. 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 to them. An inequality which, in ordinary times, would have escaped observation, becomes too apparent in the blaze of present responsibilities.

Something has been said about accompanying the proposed notice with instructions to negotiate a new treaty. This is entirely unnecessary. A new treaty may not be advisable. It is possible that the whole matter may be settled by Congress under general laws. In all events, there is a full year from the 19th of March next in which to provide a substitute, either by negotiation or by legislation. And this remark is applicable to the fisheries, as well as to every other interest touched by the treaty. I cannot doubt that the two contracting parties will approach the whole question in the determination to settle it on the permanent foundations of justice and equity; but the first step in this direction is the notice to terminate the existing treaty.

A debate ensued which lasted two days in the course of which Mr. SUMNER, in reply, spoke as follows:

The proposition to terminate the Reciprocity Treaty has been mystified in various

ways. There has been a mystification because it came from the Committee of Foreign Relations, as if that Committee, to which are referred all treaties and questions with foreign powers, was not the proper committee to consider it, according to the usages and traditions of the Senate. Pray what other committee could so justly deal with it?

There has also been a mystification in argument, by an accumulation of statistics and figures without end. We have been treated to calculations, showing the increase of commerce since the treaty, and also the relative increase of exports and imports. I am no stranger to these calculations, but after careful study, I am satisfied that it is impossible to find in them any *terra firma* on which to stand in this discussion. They are little better than quick-sand, or a deceptive mirage.

In the remarks which I submitted to the Senate yesterday, I declined to dwell on these calculations, for I saw that, while involving large amounts, they were uncertain, inconclusive and inapplicable. With one theory of political economy they seemed to point one way, and with another theory they seemed to point another way. If, for instance, you accept the early theory that commerce is disadvantageous where the imports exceed the exports, they seem to tell against the treaty; but, if you accept the opposite theory of later writers, they seem to tell the other way. All this assumes that they are applicable. But nobody has yet been able to show that the general increase of commerce since the treaty has been caused by the treaty. There are other agencies which have had their influence; and it is difficult to say what is due to them and what is due to the treaty.

In this uncertainty, I have preferred to rest the proposition on the simple ground that the national revenue is impaired by this treaty. Authentic figures place this beyond question.

I forbear now from all details and content myself with stating the indubitable conclusion. The national revenue is impaired in two ways, first, at the custom-house on our frontier, which, under the operation of the treaty, yields little or nothing, when it might yield much; and, secondly, it is impaired through the check and embarrassment which

the treaty causes in our internal taxation. There is a failure of duties and of excise. It is not enough to say that there is a countervailing advantage in the increase of our commerce. The conclusion is none the less exact, that our national revenue is impaired. And the question is distinctly presented, whether, at this critical moment, in a period of war, when the whole country in its wealth and labor is contributing to the support of our Government, any good reason can be assigned why the commerce of Canada should be exempt from contribution also? Commerce elsewhere, manufacturers, business, income, tea, coffee, books, all pay tribute. The tax-gatherer is everywhere except on the Canadian frontier. At home there is not an interest, hardly a sentiment, which is free from taxation. Surely there is nothing in the recent conduct of Canadians to induce us to treat them better than we treat ourselves.

But there is another consideration which is decisive, even if others should fail. In view of existing Public Opinion, and considering the criticisms of the Treaty, it is important that our relations with Canada should be carefully revised in the light of experience. The Treaty, in authorizing its termination at the end of ten years, seems to have anticipated this very exigency. But this revision cannot be made advantageously without proposed notice. In the case of a lease with a right to terminate it at the end of ten years on a year's notice, the landlord, if the character of the lease had been called in question, would not hesitate to give the notice, if for no other reason, that he might revise the terms anew on a footing of equality. For like reason we must give the notice to Great Britain. We must untie ourselves now, even if we would tie ourselves again for the future. The notice will leave us "master of the situation" to this extent at least, that we shall be free to act, according to the requirements of the public good. Without this notice there will be no foothold for negotiation or legislation; but the notice will be a foothold from which we may accomplish whatever is proper and just. The Treaty may be reconsidered and then adopted anew, or it may be entirely changed, and we shall have a year for this duty—so that when the Old expires the New may begin.