

Extending the field of observation so as to embrace all the provinces now included in the Dominion, we obtain, for the four last of the treaty years, the results here given as follows:—

| | Exports. | Imports. | Balance. | |
|--------------|--------------|--------------|-------------|--------------|
| 1863 | \$28,620,000 | \$24,621,000 | \$4,599,000 | favorable. |
| 1864 | 26,567,000 | 38,922,000 | 12,353,000 | unfavorable. |
| 1865 | 28,862,000 | 36,176,000 | 7,314,000 | " |
| 1866 | 25,521,000 | 53,387,000 | 27,866,060 | " |

We see, thus, that the Dominion market for our products actually declined; that here furnished for Dominion products having meantime more than doubled.

The years 1869 and 1870, reciprocity having ceased, still exhibited adverse balances, greatly less adverse, however, than had been that of 1866: those of the two years combined having been but \$33,000,000. [Since then, as shown by the British Commissioners themselves, the movement thus described has been continued, and with such effect that the adverse balances of the three past years combined have but little exceeded \$16,000,000, little more than half that of the last year of the Treaty, or of the two more recent years, 1869 and 1870].*

Commenting upon the unsatisfactoriness of this state of trade, the special agent is led to study the causes of its existence, and finally, to an inquiry as to the process by means of which they may be remedied, with the result which will be now exhibited, as follows:—

"It appears, therefore, that an intimate freedom of commerce between this country and its northern neighbors, which is so desirable for both parties, cannot be contemplated except in connection with a material change in the conditions of the foreign relationship that the provinces sustain towards us. It involves, of necessity, an entire identification of the material interests of the two countries, by their common association in some form or other. If the provinces do not choose to become one with us politically, they must, at least, become one with us commercially, before the barriers are thrown down which shut them out from an equal participation with us in the energetic working of the mixed activities of the New World, and which deprive us in a great measure of the reinforcement that they are capable of bringing to those activities. The alternative of annexation is the Zollverein, or a customs union, after the plan of that under which the German states secured free trade among themselves and identity of interest in their commerce with the outside world. * * * *

"There does exist a feeling in the United States with reference to them which it ought not to be difficult for the people of the provinces to understand. It is the unwillingness of a reasonable jealousy, and of a just prudential selfishness, to extend the material benefits of membership in the American Union, without its responsibilities and reciprocal obligations, to communities with which the certain relations of an independent friendship cannot be cultivated or maintained; which are controlled by a distant foreign power, and which are at all times liable to be

* Believing the *import* entries in all cases to be those most likely to be correct, the special agent gives them as obtained from both sides of the line. What has been the course adopted by the British Commissioners is not known, and it is for that reason difficult to account for the fact, among others, that while the American account of imports and exports for 1872-3 exhibits an unfavorable balance exceeding \$10,000,000, that of the Commissioners gives one of little more than half of that amount.