

Even with Austria a liberal and comprehensive treaty was effected in 1868, mutually reducing duties on both sides and abolishing all transit duties and nearly all those on exports.

A traveler who has crossed the outer line is freed from the vexations of the *douanier* in every part of Germany, and may proceed without interruption from Belgium to the frontier of Russia, and from Tyrol to the Baltic, a distance of seven hundred or eight hundred miles, including a population of 70,000,000.

MUTUAL BENEFIT OF A CUSTOMS UNION.

Until the Canadians are ready for annexation to the United States by their own appreciation of republican institutions, no solution of the commercial questions at issue between us and them can be complete except by means of a customs union. I, for one, am not desirous of incorporating in our political union 4,000,000 of people who desire a form of government essentially distinct from our own. But it by no means follows that we and they should not mutually develop in harmony our material interests and regard them and the character of our respective populations as a basis on which such future political arrangements may be made as time may prove to be wise. The quality of grain or lumber and the desirability of selling or purchasing manufactures are utterly independent of the political preferences of the producers or consumers, and on neither side can natural prosperity be promoted by chronic commercial jealousy.

It is evident that the policy I advocate would tend to lessen the hostility of differently instituted governments, while it would not interfere with the political institutions of any, and that a strong bias toward the most friendly relations on other points must naturally arise upon the basis of mutual pecuniary interests and intimate social intercourse.

THAT "BALANCE OF TRADE."

Meeting upon their own ground the theorists who regard "a balance of trade in our favor" as the chief test of the benefits of commercial exchanges with any single country, I find that, according to the reports of the Secretary of the Treasury, there appears to have been during the thirteen years when a treaty for the reciprocal exchange of grain, lumber, and many other natural productions existed, a balance in our favor amounting to some \$83,000,000, and that ever since the termination of the treaty until 1874, when the pressure on our affairs tended to force sales at low prices, there has been a balance against the United States in the trade with the Dominion. So much for the present exclusive policy in comparison with the more liberal but incomplete system under the treaty, judging them from the ordinary stand-point of many protectionists.

Since the termination of the treaty the proportion of the trade of Canada with this country in comparison with the whole foreign trade has been reduced from 52 to 35 per cent., until the necessities of our