

to British Columbia, there is before us the great fact, that out of the Canadas, and the British North American Provinces and dependencies, can be created a powerful Confederation attached to this country, and capable of the grandest development in spite of climatic influences. We have already given a slight sketch of the extent and capability of these provinces, and hinted at the difficulties that may arise in the working of the Confederation. Canada is now more than threatened with the loss of the advantages which were supposed to depend on the Reciprocity Treaty, and Great Britain is formally warned that she must prepare to meet Federal encroachments on the Lakes. Mr. Galt, in a very elaborate speech, exhaustive of the topics connected with the financial aspect of the future Confederation, lately laid before his hearers a series of calculations which deserve close attention, and which are, we believe, entitled to full confidence. The United States at the end of the year 1865 will either have effected the subjugation of the South by the destruction of all her armies in the field, or she will see an increase to her debt of at least forty millions sterling, or she will have arranged a compromise with the South of which one feature will be the assumption of the Southern debt. In the first case, the North must prepare for a long and costly military occupation. In no case as yet have the trade and commerce of any Southern port or city subjugated and held by Union troops, paid the Federal Government for the cost of holding it. In the second case, increase of taxation must fall with such a crushing weight on the poorer classes, especially in the agricultural States, as to force many of the people to take refuge in Canada, unless deterred by unforeseen obstacles. In the third case, the immediate result will be to throw on the Northern States for some considerable period a greater amount of debt, and of consequent derangement, than they would have been subjected to by either of the preceding condi-