

are now confederated under the name of Canada; and the British government has given the Canadian authorities the practical control of all subjects affecting that dominion to the extent of directing her Britannic Majesty's minister here to act in concert with the Canadian government in all matters connected with any negotiations in relation to commerce and navigation on our northern frontier. This will greatly simplify any arrangement which may be entered into in the future; as, instead of being forced to negotiate practically with the British government and four legislatures with separate and independent governments, as was the case when the reciprocity treaty was concluded in 1854, any agreement can now be made directly with Canada. The treaty of 1854 only went into effect after obtaining the consent of each separate province, and it was for a time a matter of doubt if the various conflicting interests of the several provinces could be so arranged as to satisfy them. (*vide* correspondence on the subject between Mr. Marcy and Mr. Crampton, 1854)

It may be remarked that the commerce between the United States and Canada increased, since 1852, in a striking manner. Thus, in 1852, the total trade between the United States and Canada amounted to but \$16,013,848, whilst the total returns for 1867 amounted to \$52,978,224. How far this increase is due to the growth of population and the improved means of communication, and how much to the fact of the establishment of the reciprocity treaty, might measurably be estimated by looking at the census returns, railroads, &c., but which would extend this report beyond reasonable limits. For the purposes of the occasion, it can safely be assumed, at all events, that the treaty was not a drawback to the growth of the trade; as the returns from no other country with which we have commercial relations show anything like as rapid a growth as that with the British provinces within the last decade.

An analysis of the trade between the United States and the British provinces during the continuance of the reciprocity treaty, proves that a valuable portion of it consisted in the interchange of articles of a similar character at different points; at one point showing imports of certain articles into the United States from one portion of the provinces, whilst at another point the United States exported similar articles to other sections of the provinces. This was illustrated by the honorable Mr. Howland, of Canada, in a conversation with the Committee of Ways and Means of the House of Representatives in 1866, when he said, "The great point for us to consider is, that from our relative geographical position, the interests of the two countries require that their commodities should be interchanged with the greatest freedom possible. Thus, our fisheries are at one end of the province, and we scarcely ever see their products; we buy the fish we want from you, and send ours somewhere else." And it may also be added, that whilst Nova Scotia sold a certain amount of coal to the States contiguous to her, yet nearly all the coal consumed in western Canada came from Ohio. These currents of trade, when correctly understood, show that that description of commercial traffic is very far removed from any question of competition with the products of either country. High tariffs on each side may exclude the coal and fish of Nova Scotia from the American markets; but, on the other hand, they will equally exclude American fish and American coal from Canada. The value of these articles exported to Canada from the United States, and *vice versa*, will be seen in the tables given in this report.

There is, however, a very important and valuable commerce which naturally grows out of a liberalization of trade with Canada, and inducing the Canadians to sell their products in our markets, and enabling us to become their factors in the export of this produce to the markets of the world. It cannot be given in statistical tables, but, nevertheless, no one will deny its existence. I allude to the purchases naturally made in our markets, from the fact that their products are sold to us, although we are in reality only the agents of the European consumers, who are the ultimate purchasers. Other things being equal, the seller expends