

When I reported the Hay-Rannetore Treaty my own impression was that it left the United States in complete control of the tolls upon its own vessels. I did not suppose then that there was any limitation upon our right to charge such tolls as we pleased upon our own vessels or that we were included in the term 'all nations.' The payment of tolls is a domestic question for us and for nobody else to settle. If we saw fit by paying the tolls to give American vessels the benefit of the canal which we have built and paid for, we have a clear right to do it, and we violate no treaty injunction by doing it. . . . the power to fix money came from . . . the power to go behind and inquire who is paying the tolls. The British Government paid to the P. and O. Steamship line for carrying mails, £297,142,000, as against the sum of £357,000,000 paid in tolls.

In confirmation of his contention that the American government had the right to subsidize its shipping, either foreign or coast-wise, to the extent of the tolls charged for the use of the canal, Senator Lodge gave several illustrations of the practice prevailing in the case of the Suez canal. For instance:

The North German Lloyd Steamers received an annual subsidy of \$1,395,160 for carrying mails to Asia and Australia. These were admittedly indirect subsidies. There were other subsidies, however, that were especially made in lieu of tolls. Russia in 1909 paid \$934,750; Japan, \$1,336,947; France, \$2,145,232; Austria, £4,700,000 and Spain, \$285,000.

Notwithstanding these precedents, President McCumber, of North Dakota, uttered a warning note as follows:

We may provide for carrying coastwise or foreign mails over such routes as our judgment may direct, and we may give a subsidy for carrying our mails, but we may not, by any kind of under-hand means, or indirectly, violate an agreement to charge our coastwise, or any other, vessel the same tolls as we charge the vessels of Canada engaged in the coastwise trade, or the vessels of any other country engaged in any trade.

If we off-set tolls by a subsidy, it must be based upon such conditions as would justify the subsidy, irrespective of tolls, otherwise it might not be a good faith transaction. Every diplomatic utterance for over half a century stands for a warrant of our good faith. Every message of our President who has discussed the subject of our Isthmian canal during that period in a national declaration of our policy to maintain as a great world canal, such connecting highway between the oceans dedicated to peace, and within whose zone the clamour of war should never be heard.

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Mr. Cummings, of Iowa, disregarding the argument of a subsidy, took the ground that when the interests of Europe are on one side and of the United States on the other.

On this point Senator Lodge said:

If we should undertake simply to make our ships free, we should then raise a question which would under our treaties of arbitration, necessarily go to the Hague, and if it goes to the Hague I think we may take it as decided now. It is not likely that the United States would ever get on a question of decision from that tribunal on a favourable side.

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