

grain was held to await the steamer, at considerable expense. Although the order in council granting rebate on Montreal grain for the season of 1890 was absolute in terms and contained no provision confining the payment of such rebate to grain transshipped at one port rather than another, the Canadian government at first declined to pay the rebate on the grain transshipped at Ogdensburg, but took the matter under consideration and made no decision until about the close of navigation for the season. It was then decided that the rebate must be paid on the grain transferred at Ogdensburg, and such payment was made. The effect, however, of the government's action in withholding its decision until the close of navigation was to put an end almost entirely to the transshipment of grain at Ogdensburg, because the forwarders were uncertain as to whether they would get their rebate or not, and did not care to assume the risk of an unfavorable decision by the Canadian authorities.

On March 25, 1891, the Canadian government issued a new order in council, providing for the usual rebate of 18 cents per ton on Montreal grain during the season of 1891. This order, however, differed from orders made in former years, and the conditions of the rebate are stated in the order as follows: "First, the products aforesaid on which the refund may be claimed shall be shown to have been originally shipped from Montreal or some port east of Montreal before entering the Welland Canal. Second, they shall be shown to have been actually carried to Montreal or some port east of Montreal. Third, transshipment, if at a Canadian intermediate port, shall not prevent the refund aforesaid being made."

While the third condition above stated does not state unequivocally that transshipment at an American intermediate port will prevent the refund, it is generally so interpreted. There can be no doubt that the intention in wording this condition was to carry the impression that on Montreal grain transferred at Ogdensburg the refund would not be paid. As a matter of fact a few cargoes of Montreal grain have been transferred at Ogdensburg during the present year, for the purpose of testing this order in council, and in each case a demand for a refund has been refused. Shortly after the first of these cargoes was transferred at Ogdensburg the Canadian government issued an order that no rebated bills under the order in council would be paid until the close of navigation. It is, of course, impossible to say absolutely what the purpose of this last order was, but it seems quite likely that it was intended to postpone definite action in this matter until after the reciprocity conference in October, so that at the time of such conference the Canadian commissioners could claim that, in spite of the wording of condition 3 of the order in council above referred to, no actual discrimination had yet been made between transshipment at American and Canadian ports.

So much for the facts relating to rebates on grain passing through the Welland Canal.

Supplement No. 1 to the annual report of the Canadian minister of railways and canals (a copy of which is sent herewith) contains the canal statistics for the season of navigation of 1890. In it will be found a verification of all the facts hereinbefore set forth relating to the year 1890. The statements relating to the order in council and the course of proceeding for the year 1891 can be easily verified by your department through the United States consul at Prescott or the consul-general at Ottawa.

It may be well to point out certain other facts drawn from the official report of the operations of the Welland Canal for the season of navigation of 1890, as contained in the supplement above referred to. From that report it appears that in the year 1890 there passed down the Welland Canal to Canadian ports 363,839 tons of freight, of which 212,080 obtained a rebate of nine-tenths of the canal tolls. During the same season there passed down the canal to the United States ports 327,833 tons of freight, of which only 16,433 tons obtained any rebate whatever. It also appears that in the year 1890 there passed down the Welland Canal in Canadian vessels 326,149 tons of freight, of which 181,275 tons obtained a rebate of nine-tenths of the tolls exacted at the canal. During the same season there passed down the canal in United States vessels 362,477 tons of freight, of which only 52,459 tons obtained any rebate whatever. On traffic up the canal no rebates of tolls were paid, but of such traffic up the canal in the year 1890, 251,342 tons was bound to American ports and only 38,724 tons to Canadian ports. Of this traffic 219,726 tons was carried in American vessels and only 72,340 tons in Canadian vessels.

It also appears in the report that during the year 1890 178,988 tons of coal was carried up and 23,396 tons of coal was carried down through the Welland Canal. Of the coal carried up 161,616 tons was carried between ports of the United States, 92 tons was carried between Canadian ports, and 17,280 tons from a United States to a Canadian port. It will thus be seen that the up traffic in coal through the canal consisted almost entirely of a movement in the United States coastwise trade, and was, therefore, necessarily carried in United States vessels. On this up movement of coal full tolls of 20 per cent per ton were exacted. Of the down movement of coal, however, 22,781 tons was carried to Canadian ports, and all of this was car-