

Your Lordship will perceive that the Governor of that State, to whom the matter was referred, asserts positively that British and Canadian vessels are not prohibited from navigating the canals on the same terms as American vessels; and the Auditor of the Canal Department declares that he is not aware of any instance in which a Canadian vessel has been prevented from entering the canals.

I have forwarded copies of Mr. Fish's note, and of its inclosures, to the Governor-General of Canada.

I have, &c.
(Signed) EDWD. THORNTON.

Inclosure 1 in No. 10.

Mr. Fish to Sir E. Thornton.

Sir, *Department of State, Washington, December 8, 1874.*

IN your note of the 23rd of November last, you informed me that you had received a despatch from the Earl of Dufferin, transmitting a copy of a Report of a Committee of the Privy Council of the Dominion of Canada, in which it is stated that, whilst all the Canadian canals have been opened to vessels of the United States, Canadian vessels are entirely excluded from all the canals of the United States, and particular reference was made to the canals of New York. A copy of your note was transmitted to the Governor of the State of New York, and his attention called to the complaint.

I herewith inclose to you a copy of the reply of the Governor of New York, and of the reports and correspondence which accompanied it.

I have, &c.
(Signed) HAMILTON FISH.

Inclosure 2 in No. 10.

Sir, *State of New York Executive Chamber, Albany,
December 4, 1874.*

ON the receipt of your communication of the 24th ultimo, I referred it, with the accompanying documents, to the Auditor of the Canal Department for a report. I inclose a copy of his letter to me, a copy of a letter from him to the Canal Collector at Whitehall, and the reply (original) of the latter, also a copy of a telegraphic despatch of the Auditor to the Collector, and an original telegraphic despatch from the latter in reply. It appears by these papers that British steamships are allowed to navigate our canals on terms of equality with citizens of the United States, and that the Canadian Authorities have been misinformed in regard to the exclusion of British or Canadian vessels from the Champlain Canal at Whitehall.

In his annual message in January, 1872, Governor Hoffman called the attention of the Legislature to the subject in pursuance of the request of the President of the United States, and submitted the XXVIIth Article of the Treaty of the 8th May, 1871, between the United States and Great Britain, recommending the prompt passage of any laws which might be necessary for the fulfilment of the agreement on the part of the Federal Government. No laws were passed, for the reason that there were no restrictions to be removed.

I have, &c.
(Signed) JOHN A. DIX.

Hon. Hamilton Fish, Secretary of State.

Telegram, dated Albany, November 30, 1874.

Collector Canal Tolls, Whitehall,

Have British or Canadian boats, loading at any Canadian port or in ballast, ever been prohibited by you from passing Whitehall through the Champlain Canal to the Hudson River?

(Signed) FRANCIS S. THAYER, *Auditor.*