

water-line has failed to meet the demands of the bounding West. Besides, the American railroad system has placed that route in eclipse, and Montreal has in consequence become an inconsiderable factor in the competition with New York and Boston for the foreign commerce of this country. Perceiving the failure of her water-line with the indomitable energy of the British race, Canada next turned to the railroad, and during the last fifteen years she has been employing it toward the accomplishment of her original purpose and to the full extent of her powers.

REMEDIES PROPOSED.

But the question recurs, What do you propose to do about it? I reply generally—respond to each refusal to reciprocate and retaliate in each case of absolute aggression; but in no case overstep the bounds of a temperate and just vindication of our rights. Our self-respect as a great nation dictates that. I do not wish to be dogmatic in my utterances touching specific measures, and yet it appears proper to state plainly the expedients which, in my judgment, ought to be adopted for the protection of American interests and the vindication of the honor and dignity of the country.

1. I recommend that a discriminating duty be laid on all imports from China and Japan and other foreign countries through British Columbia and over the British Canadian Pacific Railway, and I think the duty ought to be just high enough to offset the premium paid by the Canadian and British governments to their Pacific ocean steamer line and to the Canadian Pacific Railway in order to enable those lines to force American commerce from American steamships, American seaports, and American railroads.

2. I would recommend the passage of a law forbidding the transportation of goods free of duty from our Pacific coast ports to points in the United States east of the Rocky Mountains by steamer to Port Moody, and thence east to destination over the Canadian Pacific Railway and lines in this country. Besides the objection to this sort of traffic upon the commercial and political grounds hereinbefore set forth, it is an improper mode of administering our customs service. It looks too much like abrogating our customs laws in the interest of a foreign government to allow transfers of miscellaneous dutiable goods to be made from vessel to railroad car and *vice versa*, in a foreign country, with no possible security against violations of our revenue laws, through the supervision of our own customs officers acting in their official capacity. Therefore, I recommend that the "transit-trade" be confined to continuous rail movements in sealed cars without breaking bulk, in all such cases the Canadian link being a part of a direct route from the point of shipment in the United States to the point of delivery in the United States. Here I would draw