

and upon which American vessels have an undoubted right to enter, as well as to their admission into that part of the river which lies between St. Regis and Montreal. My Lords believe, that there is no line of frontier which presents such facilities for smuggling as that to which they have adverted between Canada and the United States, and they apprehend that no conceivable Customs establishment would avail to repress it in a country so calculated to render detection impossible. They are therefore unwilling to recommend the disallowance of any measure from which general advantage is to be expected on the single ground of increased facilities for smuggling; it being their firm belief that smuggling into Canada can only be prevented by the adoption of a moderate scale of Customs duties, and not by increased official supervision. They believe that at this time the moderate tariff in force in Canada compared with the high duties in the United States renders smuggling from the former into the latter more common than smuggling into Canada, and that there are comparatively few articles which cannot be introduced into Canada from the United Kingdom more cheaply than from the United States. These few will be introduced at points on the Buffalo and Niagara frontier, and not below Montreal. My Lords have deemed it right to advert to this point; but they at the same time consider, that questions as to the security of the provincial revenue are best left to the consideration of the provincial legislature, under the control of which the disposal of that revenue is placed, and under whose guardianship it may be expected to be perfectly safe. They are accordingly of opinion, that unless the Imperial Government is unwilling, for reasons unconnected with revenue considerations, to admit the vessels of the United States to the waters in question, their admission or continued exclusion should be made to depend upon the wishes of the Canadian legislature.

Upon the question, however, of the general policy of admitting American vessels to this part of the inland waters of Canada, which is manifestly one that may involve considerations of imperial interest, my Lords do not feel themselves called upon to give an opinion, and will therefore content themselves with remarking that the navigation of the St. Lawrence to the St. Regis to Montreal, between which points it is wholly a British river, is already open to the Americans, and that the extension of the privilege now under consideration is confined to the inland trade, and would not, if granted, enable the Americans or any other foreigners to proceed up the St. Lawrence from the sea.

James Stephen, Esq.
&c. &c. &c.

I am, &c.
(Signed) J. LEFEVRE.

Office of Committee of Privy Council for Trade,
Whitehall, 10th October 1846.

Sir,

With reference to the two reports of the Customs on the subject of the navigation of the St. Lawrence by vessels of the United States, I am directed by the Lords of the Committee of Privy Council for Trade to state to you, for the information of the Commissioners of the Customs, that the objections taken by the Commissioners to a compliance with the desire of the Canadians for the opening of the traffic between Fort Covington and Lake Champlain through the St. Lawrence to American vessels, have reference to that part of the navigation which lies between Lake Champlain and Montreal; and they observe that it is stated in the despatch of the Governor-general that the opinion of the law officers in this country has been given to the effect that American vessels are wholly excluded from navigating the St. Lawrence below Montreal, an opinion in which, from the reports before them, they conclude that the Commissioners agree.

As, however, my Lords do not perceive any thing in the Act for regulating the trade of the British possessions which should prevent American vessels from proceeding from the Lake Champlain, either to Montreal or to Quebec, under the provisions of the 43d section of the Act, they direct me to request that you will move the Commissioners to acquaint them whether there is any impediment to such a voyage arising either from the phraseology of the Act or from other circumstances, and whether the Commissioners are aware of any such opinion as that referred to having been given by the law officers, and what were the grounds of such opinion.

I am directed further to inquire whether, supposing American vessels to be permitted to trade between Lake Champlain and Montreal, it would not be legal for them to warehouse their cargoes at Montreal (under the 43d section of the Possessions Act), and thence to export them to any American port by inland navigation, since the restrictions upon exportation imposed by our Customs laws appear only to apply, first, to the case of the exportation of goods from one British possession to another, which can only take place in British ships, and secondly, to exportation of goods to foreign countries by sea, which can only take place from a free port.

My Lords direct me to add, that if the views taken by them on the above points are correct, they would request to know whether they in any manner affect the opinion given by the Commissioners in their report of the 4th September, as to the inexpediency of complying with the suggestion of the Governor-general of Canada.

Charles Scovell, Esq.
&c. &c. &c.

I am, &c.
(Signed) STAFFORD H. NORTHCOTE.