

same relation to the coasting trade as its ordinary natural boundaries. In the first place, the canal is purely an artificial boundary. The sovereignty over it is not absolute as is the sovereignty of the United States over its Atlantic and Pacific coast line. At best, it is but a conditional sovereignty subject to a treaty with Great Britain. The natural boundaries of the United States are subject to no treaty and, therefore, its control in that respect is absolute. With respect to the canal the United States government bound itself in solemn treaty that 'the canal should be free and open to the vessels of commerce and war of all nations. . . . on terms of entire equality.' This, if it means anything at all, means a division of sovereignty between Great Britain and the United States. The United States is, by the Treaty, the trustee for all nations observing the rules under which the canal is governed. While the United States government has power to regulate tolls and provide for the maintenance and protection of the canal, it does so, not for itself alone, that is to say, by the law of sovereignty, but as a trustee for the commerce of the world. Supposing the canal had been constructed by the Republic of New Granada, or Nicaragua, under treaty with the United States or Great Britain on the terms as dicated in the earlier part of my speech, would the United States acknowledge any ground of sovereignty to discriminate between the coasting and foreign trade of the United States? I mistake very much the temper of Congress if any such ground would be admitted. The United States, therefore, being the trustee of the Panama canal under conditional sovereignty only, have we not a right to insist that this trusteeship shall be exercised according to the conditions under which it was assumed, namely, 'that there shall be no discrimination against any nation or its citizens or subjects in respect to the conditions or charges of traffic or otherwise.'

It was also objected in the Senate that a toll upon the domestic commerce of the United States would be detrimental to the development of United States shipping, and

more particularly to the shipbuilding industry of the New England States. Admitting this to be true, would not a similar argument apply to Canadian shipping? When Great Britain entered into the Hay-Pauncefote Treaty, we may reasonably assume that she did so in the expectation that it would not, in any manner, prove detrimental to her subjects in her dominions beyond the seas. Shipbuilding is a very important industry on the Atlantic coast, and will, no doubt, grow in importance on the Pacific coast as well. Having protected their own shipping by rigid coasting laws, it is now proposed to encourage that shipping by free tolls regardless of the fact that, by discriminating against the Canadian coasting trade, they are acting adversely to the shipping interests of Canada. That, in my opinion, is also a discrimination against Canadian interests.

A great deal of importance was attached to the remission of the tolls on the coast trade of the United States from the fact that it would strengthen the competition between transportation over land by rail and transportation via the canal by water. It was alleged that, although there are several transcontinental railways in the United States, there was really no competition between them, as their schedules for freight were practically the same. Though not avowedly a combination for mutual protection, the shipper of merchandise across the continent was at their mercy, and the only relief possible, under the circumstances, was competition by water. This was a condition which Congress has endeavoured to relieve by a remission of the tolls on coastwise traffic through the canal. The position of Canada in regard to its transcontinental railways is practically identical with the conditions of the United States. Although our Railway Commission has power to regulate freight charges, and, apparently, to protect the shipper of merchandise from exorbitant rates for freight, the relief is neither so direct nor so certain as it would be if competition were provided by the water route from east to west and vice versa, and here, as in the other cases al-