

not afford to build canal boats specially adapted for such canals until they were assured that they would be allowed to navigate them.

That it appears also that in 1871, when the Governor of the State of New York was urged by the United States' Government to take the necessary action to carry into effect the object of the Article of the Treaty on this subject, he informed the United States' Secretary of State that he had consulted the legal advisers of the State, who did not appear to think there was any law of that State which prohibited British subjects from navigating its canals on terms of equality with citizens of the United States; but that he would, with great pleasure, call the attention of the Legislature to the subject, and recommend them to pass such laws as they may find to be necessary to carry into effect at once the agreement made in the XXVIIth Article of the Treaty; and that, as he, the Minister of Marine and Fisheries, has never been able to learn that any such laws were passed by the Legislature of that State, it is probable that this has also tended to prevent Canadian canal boat owners from building vessels suitable for these canals, and testing the question as to whether they would be permitted to navigate them.

That, as the Governor of the State of New York asserts positively that Canadian vessels are not prohibited from navigating these canals on terms of equality with American vessels, he, the Minister, recommends that Her Majesty's Secretary of State for the Colonies be informed that the Canadian Government no longer continues to be of opinion that Canadian vessels are excluded from the canals of the State of New York, and will take the necessary steps to promulgate officially this important information, in order that Canadian canal boat owners and forwarders may be enabled to take advantage of the privilege referred to.

The Committee concur in the foregoing recommendation, and submit the same for your Excellency's approval.

Certified,
(Signed) W. A. HIMSWORTH,
Clerk, Privy Council, Canada.

No. 14.

The Earl of Derby to Sir E. Thornton.

Sir, Foreign Office, March 13, 1875.
I REFERRED to Her Majesty's Secretary of State for the Colonies your despatch of the 14th of December, relative to the supposed exclusion of British subjects from the United States' canals, and I now transmit to you herewith, for your information, a copy of a letter, with its inclosures, which has been received in reply.*

I am, &c.
(Signed) DERBY.

No. 15.

Sir E. Thornton to the Earl of Derby.—(Received September 19.)

My Lord, Washington, September 6, 1875.
I HAVE the honour to inclose copy of a despatch which I have received from the Administrator of the Government of Canada, from which your Lordship will perceive that the United States' Government virtually refuses to allow vessels carrying the British flag to navigate the canals of this country, by so interpreting a law as to make it impossible for British vessels to carry goods in bond through those canals. If the proper interpretation has been given to this law, it is opposed to the provisions of the XXVIIth Article of the Treaty of Washington; and as the Treaty is posterior to the law, the provisions of the former ought to overrule the enactments of the law.

I have, therefore, addressed a note to the Acting Secretary of State, copy of which is inclosed, embodying the contents of the Report of the Committee of the Privy Council of Canada, a copy of which is inclosed in Sir William Haly's despatch.

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