

On freight other than wheat, Indian corn, pease, barley, rye, oats, flax-seed and buckwheat, discharged at Ogdensburg in 1891, full canal tolls were paid, and would have been levied on Canadian vessels in Canadian waters, with no refund or abatement of any kind; Canadian and United States vessels being precisely on a par in that respect.

It is scarcely necessary to discuss the pretension of Mr. Keep that there is inequality in the use of the canals between Canadians and Americans, on the grounds that the tolls for the use of the canals going westward are 20 cents per ton, while those for the use of the canals going eastward are only 10 cents per ton. Except as respects the grain products already discussed, he does not assert that there is any difference in respect of the amount of these tolls between Canadian and American vessels going eastward or westward respectively, nor that the destinations of the cargoes eastward or westward in any respect affects the toll paid. Canadian and American vessels pay the same toll for passing through the canals in the same direction and are entirely unrestricted in respect of such tolls by their destination, or by any other extraneous circumstances, and it is difficult to perceive any weight that can be attached to the pretensions that an inequality exists on any of the grounds stated by Mr. Keep.

Although, therefore, as has been stated, Canada contends that she has acted in accordance with the obligations which Great Britain has requested her to take with reference to her canals, she is nevertheless, as heretofore, desirous of retaining friendly relations with the United States, and for that purpose is willing to meet their views so far as is in any way consistent with her position and the interests of her people. It is believed that the conditions of the treaty of Washington, in respect of international trade, were eminently calculated to preserve such amicable relations between the countries, and probably the most satisfactory way of meeting the present difficulty would be to revert in some degree to the terms of that treaty, in so far as they relate to the question under discussion. With a view to the furtherance of a good understanding on these points, Canada would be disposed to enter into an arrangement such as the following:—

That as regards the navigation of the Welland and St. Lawrence canals, the imposition of tolls and the granting of rebates thereon, the same treatment will be accorded to the citizens of the United States as is given to the subjects of her Britannic majesty, without regard to ports of transshipment or export, and that the United States will continue to deal in like manner with Canadians as respects the existing Sault Ste. Marie canal. That the provisions of article 30 of the treaty of Washington, granting carrying powers to Canadian vessels, as described in that article, be restored.

The committee, on the recommendation of the minister of railways and canals, advise that your excellency be moved to forward a copy of this minute to the right honourable the secretary of state for the colonies for the information of her majesty's government, also that a copy be sent to her majesty's minister at Washington.

All which is respectfully submitted for your excellency's approval.

JOHN J. MCGEE, *Clerk of the Privy Council.*