

With this final decision that the vessels engaged in foreign trade should be placed on a basis of entire equality as to tolls, Canada has no objection to offer. If our vessels trade with the republics on the west coast of South America, or with Mexico or California, they ought to pay the same tolls as vessels from Europe or elsewhere similarly engaged. We are quite willing that the United States should receive ample compensation for the vast investment it is making in the construction of the Panama canal. We recognize it as an enterprise beyond the resources of any private corporation and that the United States has placed the whole world under an obligation for undertaking a work of such tremendous importance to the commerce of two continents in which we are included, and we now look to its early completion and the development of our trade with our own province of British Columbia on the west and with South America and Mexico as a consequence.

The Senate having decided that vessels engaged in the foreign trade of the United States should pay the same tolls as other nations, gave its attention to the charges which should be made, (if any) on coastwise traffic, and, strange to say, came to the conclusion as contained in section 5 of the Bill to which I have referred—'that no tolls shall be levied on vessels engaged in the coastwise trade of the United States,' thus placing Canadian vessels engaged in the coasting trade of Canada on the same basis as vessels engaged in the foreign trade. That such a decision is inconsistent with the conclusion reached with regard to vessels engaged in foreign trade is quite manifest from the speeches made by leading senators during the debate. To quote again from Senator Lodge:

I cannot draw any distinction between American vessels engaged in the coastwise trade and those in foreign commerce. They all alike, it seems to me, come under the first clause in article 3. A doubtful question is whether in making that treaty when the United States said 'all nations' the United States intended to include itself. That is the whole question. Some of us believe that it did not, and some that it did. . . . For the purposes of this treaty it does not make any difference what trade they are engaged in. . . . In my opinion. . . . there is no distinction to be drawn between American vessels engaged in coastwise traffic and American vessels engaged in the foreign trade. There

is no such distinction in the treaty. It says the vessels of 'all nations.'

In the face of this declaration of Senator Lodge, that foreign and coastwise traffic were on precisely the same basis so far as the treaty was concerned, to charge foreign vessels with a toll, and to relieve coastwise traffic of any charge whatsoever, appears as a glaring inconsistency for which no explanation has yet been offered.

Following up the speeches of senators still further, not only does it appear an inconsistency, but a discrimination against Canada which calls for the most emphatic protest.

To quote Senator Lodge again:

This whole excitement has arisen out of the fact that there is one country and only one country in the world which is situated with regard to the canal just as we are, . . . and that is Canada. England is not worrying over her own merchant marine. . . . The trouble is the Canadian voyage. If our ships have an advantage, the Canadian business would probably come in American vessels to American ports and then by American rail ways back to Canada. The discrimination in competition with Canada seems very clear to me and very direct. I think they feel it very much in Canada. It is well worth while to remember that there is a Canadian Atlantic coast and a Canadian Pacific coast; the commerce between the Atlantic and the Pacific is largely a competing one. Under this provision ships from the United States would be free from tolls and those from Canada would be subject to the payment of tolls. Thereby the American coasting trade is at once given, by being free of tolls, an advantage as against the Canadian trade. That is at the bottom of all this trouble.

Speaking to the same effect, Senator McComber, of North Dakota, said:

We are, by disregarding this treaty and allowing our coastwise vessels to go free through the canal, giving a preferential right to our coastwise trade, not only as against the coastwise trade of any other country, but also as against the foreign competing vessels entering our ports.

The arguments advanced in favour of free use of the canal for United States shipping engaged in the coasting trade may be summed up as follows:

1. That as the coastwise traffic was a purely domestic traffic in which foreign vessels could not engage, the Hay-Pauncefote Treaty could not apply to it.

2. That as there could be no competition with American vessels in the coastwise traffic by virtue of this prohibition, there