

vessels should be compelled to display the colors of their nationality on entering Canadian waters.

The practice of selling seized spirits subject to duty is a vicious one. It makes the reward paid to the informer large enough to justify the smuggler who has a lot of spirits on board a worthless boat in informing upon himself. He can make money by doing so; meanwhile he has blinded the officers, for the greater part of his cargo is probably elsewhere ready to be landed when they have gone off with the decoy.

Means should be devised for keeping account of the stock of spirits in the stores and hotels along the coast, by requiring the proprietors, for instance, to enter in a book the quantities purchased, the date of purchase and the name of the vendor. No honest dealer would object. A comparison of the stock-book with the stock on hand might be made from time to time by the inland revenue officers; it would be easy to ascertain the truth or falsity of the entries. Possibly this plan would require provincial legislation. In France when spirits are moved from one place to another or even from one house to another a circulation tax is charged and the proper papers have to accompany the goods. In this way and by means of the powers vested in the officers, who have the right to demand at any time an account of where, when and from whom the stock in hand was purchased, smuggling along the Swiss and Belgian frontiers is rendered extremely hazardous.

As regards the smuggling of American alcohol into Canada, I would suggest that a copy of this report be submitted in confidence to the Secretary of State, and the Secretary of the Treasury at Washington, in order that their attention may be called to the allegations made herein against Mr. Steer, the commercial agent at St. Pierre. The French officials at St. Pierre will lend every assistance in their power to any United States Government officer who may be sent to make an investigation. The collectors of customs and inland revenue in Quebec, New Brunswick, and Nova Scotia, are aware that Mr. Steer, and Mr. Freeker before him, have been the instruments whereby this fraudulent traffic has been carried on, but they feel it to be a delicate matter to complain officially or publicly of an agent of the United States in a foreign colony. If the issuing of consular certificates of landing or delivery for American spirits transhipped virtually in open ocean were put a stop to, smuggling into Canada and, as believed, into the United States as well, would be greatly checked, if not altogether terminated. To land stuff at St. Pierre would now entail a cost, as shown, of 47 cents per gallon; and if the smugglers resolved to land it rather than abandon the business, the French authorities would, without doubt, meet them by increasing the *octroi de mer* on foreign spirits. They feel that the traffic is of no benefit to them, and that in a sense it brings discredit upon the colony.

It would be a protection to the Canadian revenue if the British Government were to appoint a vice-consul at St. Pierre. It would be his duty to give certificates cancelling the bonds on goods exported thither from Canadian ports. At present such certificates are issued by Mr. Steer.