

"That as the Governor of the State of New York now 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 Canadian Government, however, had soon cause to change its opinion that Canadian vessels were no longer excluded from the New York canals, as on May 28th, 1875, complaint reached it from the president of the Ottawa and Rideau Forwarding company, that "lumber cannot be bonded in Canadian vessels going through the United States canals." The subsequent official correspondence between the two Governments disclosed the surprising fact that the real difficulty to the navigation of the New York canals by Canadian vessels was interposed, not by the State authorities at all, but by the Federal government itself. Mr. Fish, then Secretary of State at Washington, declared in answer to the complaint founded on the case of the Ottawa and Rideau Forwarding company, that the Revenue laws of the United States would prevent the use of the entire navigation of the canals by Canadian vessels. Mr. Fish went on to say: "The law of the United States provided that a vessel arriving in the United States with a cargo from abroad, should enter and discharge her cargo at the first port of entry she met. In entering the United States through the Champlain canal, the first port of entry would be Whitehall, at the northern extremity of the Whitehall canal. There a vessel arriving with a foreign cargo would be

"obliged to discharge her cargo. If a Canadian vessel had a fancy for navigating the canals further on, she could certainly do so and go as far as Albany," *but without cargo*. Mr. Fish added, that he supposed the idea and object of the Canadian Government were that Canadian boats should be entitled to bring cargo from Canada through the canals and down the Hudson to New York; this, he said, was impossible by reason of the provision of the law with regard to the first port of entry, and because, neither by the treaty of Washington nor by any other treaty, had the navigation of the Hudson river been allowed to British vessels. This view of Mr. Fish was supported by Mr. Bristow, the Secretary of the American Treasury, who, in a letter of date October 9th, 1875, pointed out that under the provisions of Section 3097, Revised Statutes, all vessels laden with cargo arriving in the United States from contiguous territory on the northern frontier, are obliged to make entry, and under Section 2771, all vessels not of the United States which make entry must unload where they make entry. The position, therefore, at this date, more than four years after the conclusion of the treaty, was that the United States Government after urging the State Governments to secure equality of navigation to British subjects, itself prohibited this navigation by a Federal law. Canada, however, did not despair of bringing the American Government to a fulfilment of the pledge given in Article 27. A clause (3,129), of the Revised Statutes of the United States was discovered which clothed the Secretary of the Treasury with power "to permit vessels laden with the products of Canada, to load or unload at any port or unload at any port or place within any collection district which he may designate," and accordingly the attention of