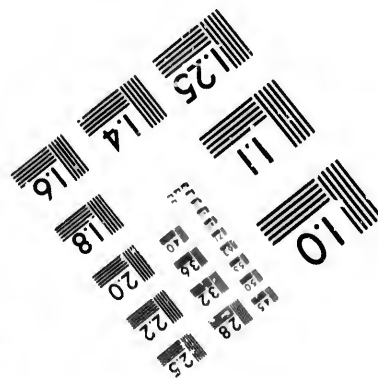
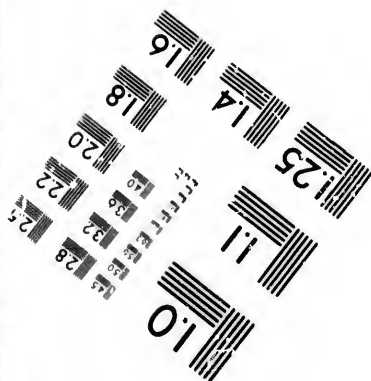
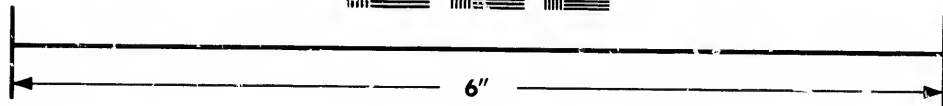
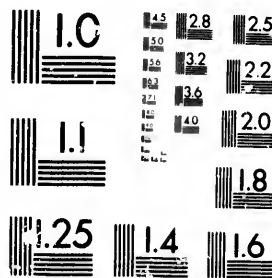


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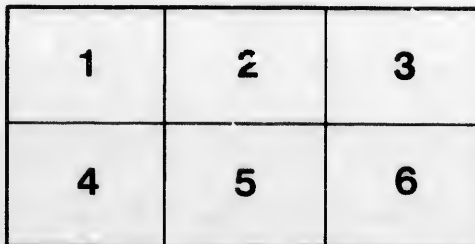
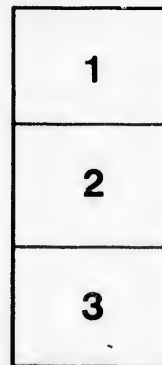
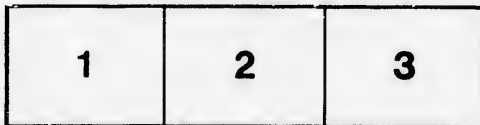
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RECIPROCAL COMMERCIAL RELATIONS WITH CANADA.

JULY 20, 1892.—Referred to the House Calendar and ordered to be printed.

Mr. BLOUNT, from the Committee on Foreign Affairs, submitted the following

REPORT:

[To accompany H. R. 9324.]

The Committee on Foreign Affairs, having had under consideration House bill 9324, have examined the subject-matter to which it relates and present the following report:

Article 27 of the treaty of Washington concluded May 8, 1871 (17 Stat., 872), provides—

The Government of Her Britannic Majesty engages to urge upon the Government of the Dominion of Canada to secure to the citizens of the United States the use of the Welland, St. Lawrence, and other canals in the Dominion on terms of equality with the inhabitants of the Dominion; and the Government of the United States engages that the subjects of Her Britannic Majesty shall enjoy the use of the St. Clair Flats Canal on terms of equality with the inhabitants of the United States, and further engages to urge upon the State governments to secure to the subjects of Her Britannic Majesty the use of the several State canals connected with the navigation of the lakes or rivers traversed by or contiguous to the boundary line between the possessions of the high contracting parties on terms of equality with the inhabitants of the United States.

In pursuance of the purpose and spirit of this article, the United States permits the Canadian citizen the use of the St. Marys Falls Canal on the same terms given to its own citizens. It then opens to the Canadian citizen on the same terms the use of the St. Clair Flats Canal. The waters of Lakes Superior, Huron, and Erie are thus given as a highway for the vast scope of territory lying north of them by which their products are enabled to reach Lake Ontario and the canals along the St. Lawrence, and even to the Atlantic Ocean and the marts of the world. More than this; in the use of this highway the several sections of Canada are enabled to exchange their products without any additional limitations. This the Canadian enjoys in all its comprehensiveness.

The Welland, St. Lawrence, and other canals in Canada it was expected would be open to the American citizen on the same terms. This would enable the traffic which debouches from our own territory into the Great Lakes to find an outlet into Ontario ports and the Atlantic Ocean on equality as to charges with the Canadian citizen. The same principle would apply as to products and tonnage on the return traffic. Now let us see the action of the Canadian authorities. Attention is invited to the following extract from Mr. Partridge to Mr. Blaine, dated April 14, 1892:

Notwithstanding the full compliance of this Government with the spirit of the treaty as regards American canals, and the liberality of its policy, which has opened them free of tolls to Canadian commerce, this Department has received numerous

complaints tending to show, and which it is believed do satisfactorily show, that the Dominion of Canada has for sometime discriminated against our citizens in the use of her canals.

The facts as represented to the Department are substantially as follows:

The Canadian Government, in addition to vessel tolls, also imposes a cargo toll on traffic passing through the Welland and St. Lawrence canals. This cargo toll in the case of wheat and other cereals amounts to 20 cents per ton. For some years past, however, the Canadian government, by orders in council, has granted a rebate of 18 cents per ton on grain carried through these canals, provided it was carried through to Montreal or some port east of Montreal. The rebate is not allowed if the grain is destined for an American port.

As boats of the class engaged in carrying grain from the upper lakes through the Welland Canal are unable to pass through the St. Lawrence canals to Montreal, it is necessary to transfer cargoes for that port to lighter-draft vessels. This transfer was usually made at Kingston, Ontario, directly from the vessel to the river barges. During the season of 1890 grain for Montreal began to be transferred at Ogdensburg, N. Y., where there are large elevators and storage capacity. Although the orders in council granting the rebate were absolute in terms, the Canadian Government at first declined to pay the rebate on grain transhipped at Ogdensburg, and did not decide to do so until after the close of navigation. In the meantime the business of transshipment at Ogdensburg was seriously embarrassed.

To prevent such transshipment at Ogdensburg the Canadian Government, in its order in council, issued March 25, 1891, providing for the usual rebate of 18 cents per ton on grain for Montreal and ports east during the season of 1891, inserted a new condition, as follows: "Transshipment, if at a *Canadian* intermediate port, shall not prevent the refund aforesaid being made." Since then no rebate has been allowed on grain for Montreal transhipped at an American port.

On the 4th instant the Canadian Government issued a similar order in council for the present year, 1892, reducing by rebate the tolls on grain carried through the Welland and St. Lawrence canals for Montreal or ports east from 20 cents to 2 cents per ton. Its conditions are as follows:

"That the products aforesaid on which the rebate of tolls may be claimed shall be shown to have been originally shipped for Montreal or for some port east of Montreal, and shall be shown to have been carried to Montreal or to some port east of Montreal, and actually sent out of the country.

"That the right to this rebate shall not be lost by reason of intermediate transshipment, provided that the place of such transshipment is one within the Dominion of Canada.

"That the right to this rebate shall extend to any portions of cargoes lightered at Port Colborne and reshipped at Port Dallouise, and also to shipments of the above-named products made from any Canadian Lake Ontario port.

"That payment of the amount to be refunded be made from time to time as cargoes of the said products are dispatched for export from Montreal or from some port east of Montreal."

This order discriminates against our citizens in at least three respects:

(1) In that it makes the toll on grain for export from Montreal and other Canadian ports east of Montreal 2 cents per ton, while the toll on grain for export from American ports is 20 cents per ton.

(2) In that even the lesser rate is refused on grain for Montreal and ports east, if it has been transhipped at an American port, while it is allowed if transhipped at a Canadian port.

(3) In that the 2-cent rate only is levied on grain for Montreal and ports east from any Canadian Lake Ontario port, while the 20-cent rate is exacted on grain for the same destination from American Lake Ontario ports. This is a new discrimination not contained in the order of March 25, 1891.

As a result of this system of rebates it appears from the official canal statistics of Canada that during the season of 1890, on 228,513 tons of grain carried through the Welland Canal to Montreal, only \$1,570 toll was exacted, while on 245,932 tons of grain which passed down the same canal to Ogdensburg, Oswego, and other United States ports \$49,186 was exacted.

The tariff of tolls on coal is no less discriminating. April 11, 1890, the Canadian Government issued an order reducing the toll on coal passing down the canal from 20 cents to 10 cents per ton, but leaving the full toll of 20 cents on coal bound up the canal. According to the official canal statistics of Canada during the season of 1890, 22,781 tons of coal, paying a toll of 10 cents per ton, were carried down the canal in Canadian vessels. Only 615 tons were carried down in American vessels. Of the coal carried up the canal and compelled to pay a toll of 20 cents, 116,616 tons were carried between ports of the United States, 17,280 from a United States to a Canadian port, and 80 tons only between Canadian ports. An adjustment of up and down tolls on coal producing so discriminating results could hardly have been un-

intentional. The same results are seen in the general business of the canals. It is alleged that of the total cargo tonnage of the Welland Canal during the year 1890 57 per cent, destined for American ports, paid more than 72 per cent of its tolls, and 43 per cent, destined from Canadian ports, paid less than 28 per cent.

The Department has not yet been able to obtain a copy of the official canal statistics of Canada for the navigation season of 1891, nor is it informed whether they are yet published. It is represented to the Department, however, by the Lake Carriers' Association, of Buffalo, that the traffic passing through the Welland Canal in 1891 for Ogdensburg alone paid \$55,037.05 toll, while, if the same traffic had been bound for Montreal or ports east, the toll would have been only \$7,360.91. There was also \$5,719.56 collected on grain for Montreal, which was transhipped at Ogdensburg, which, if transhipped at a Canadian port, would have only paid \$571.96, making a total discrimination in the use of the Welland Canal against the business of the port of Ogdensburg alone for the season of 1891 of \$52,823.71. It is further represented that its traffic was compelled to pay the full toll of 15 cents in the St. Lawrence canals, while the Montreal grain traffic passed through them free. It was also deprived of its natural share of the business of transshipping grain intended for Montreal and ports east.

The Commissioner of Navigation, in his annual report for 1888, called attention to the discrimination of the Canadian Government against our citizens with respect to the navigation of its canals. The Secretary of the Treasury referred the matter to this Department, and Mr. Bayard, on the 21st of July, 1888, wrote the British minister about it. The latter, on the 13th of August, 1888, replied, transmitting a copy of a report of the Canadian privy council. There appears to have been no further diplomatic correspondence at that time. (Foreign Relations, 1888, pp. 813, 814, and 821.)

Recently this subject was again presented to the Department quite fully by a memorial from the Lake Carriers' Association, of Buffalo, N. Y., dated September 18, 1891. Since then memorials have also been received from the Milwaukee Chamber of Commerce, the Chicago Board of Trade, the Detroit Board of Trade, the Cleveland Board of Trade, the Oswego Board of Trade, the Rochester Chamber of Commerce, and from other associations and individuals.

A copy of the memorial of the Lake Carriers' Association was transmitted to Her Majesty's minister at this capital October 10, 1891, with a request for such explanation of the facts in the case as he might desire to make. The Department's note stated that the matter was one of special importance to our people at that season, and asked him to give it his early consideration. Sir Julian replied, October 12, that he would bring the matter to the attention of his Government. At the conference which was held at this Department in February last with the British minister and the commissioners from the Canadian Government this subject was presented, and assurance was given by the Canadian commissioners that the complaint of this Government should have prompt consideration and that the question of canal tolls should be satisfactorily adjusted. Still no reply has been received to that complaint, but by its order in council of the 4th instant the Canadian Government has continued its system of discrimination.

It does not relieve the position of the Dominion Government with respect to the grain rebate that considerable of the grain carried to Montreal and the East is shipped from ports of the United States, and that the transportation of such grain being open to American vessels, they can secure the rebate on the same conditions on which it is given to Canadian vessels. The reciprocal equality which is stipulated for in the treaty in the use of the Welland and other Canadian canals is not to the vessels of the two countries, but to "the citizens of the United States" and to "the inhabitants of the Dominion." An equality in the use of the canals to American vessels would not alone satisfy the conditions of the treaty. The distinction between the vessel and the cargo is recognized by the Canadian Government, which exacts distinct tolls for each. Neither does the treaty provide for equality in tolls only. The conditions imposed upon the use of the canals discriminate against American shippers and consumers, American transportation companies and routes, and American ports. The present practice of the Canadian Government is probably even a greater discrimination against our citizens than if directed against our vessels.

On the 2d of February last a communication was received from the Hon. S. C. Blanchard, chairman of the Committee on Rivers and Harbors of the House of Representatives, in which he said that his committee would appreciate any information as to "whether there is anything in existing treaties between Great Britain and the United States which would prevent the imposition of tolls by the United States upon commerce destined for Canadian ports, using or going through the St. Clair Flats Ship Canal or the canal and lock at the Sault Ste. Marie, in retaliation for tolls imposed at the Welland Canal, should the Government of the Dominion of Canada fail to recognize its obligation growing out of the twenty-seventh article of the treaty of Washington."

You replied on the 15th of February that "the only treaty stipulation in force applicable to the use by American and Canadian citizens of the canals connected with the Great Lakes and the St. Lawrence River is contained in the twenty-seventh article of the treaty of Washington and is clearly intended to be reciprocal in character."

At the same time you said that the complaint which was the subject of his letter had been "brought to the attention of the Canadian commissioners now (then) in this city and an assurance given by them that the complaint which we have preferred shall have careful and prompt consideration, with a view to a faithful observance of the treaty stipulation."

It has been repeatedly urged upon this Department by our citizens that the action of Canada in this matter ought to be met by retaliation in kind. Its recent order in council, continuing the discrimination, compels consideration of the wisdom of that course as the only remedy left. The spirit of the treaty imposes no other or different obligation upon this Government as regards American canals than is imposed upon the Government of the Dominion as regards Canadian canals; neither does the strictest interpretation of its language, except with respect to the canal of the St. Clair Flats. Copies of the correspondence are attached hereto.

Respectfully submitted.

FRANK C. PARTRIDGE,
Solicitor.

Attention is also invited to the following communication:

LAKE CARRIERS' ASSOCIATION,
Buffalo, N. Y., September 18, 1891.

SIR: The approaching conference between commissioners appointed by the government of the Dominion of Canada and representatives of our own Federal Government, to consider the subject of reciprocal trade relations between Canada and the United States, leads this association, which represents the organized vessel owners of the Great Lakes, to call the attention of the Department of State to what it believes to be a persistent and deliberate violation on the part of the Dominion government of Article XXVII of the treaty between Great Britain and the United States which bears date May 8, 1871, and is known as the treaty of Washington. The article above referred to reads as follows:

"The Government of Her Britannic Majesty engages to urge upon the government of the Dominion of Canada to secure to the citizens of the United States the use of the Welland, St. Lawrence, and other canals of the Dominion on terms of equality with the inhabitants of the Dominion; and the Government of the United States engages that the subjects of Her Britannic Majesty shall enjoy the use of the St. Clair Flats Canal on terms of equality with the inhabitants of the United States, etc."

The following is a brief statement of the facts showing a violation of this article on the part of the Canadian government by the imposition of tolls and the institution of a system of rebates on the Welland Canal which discriminates against citizens of the United States and in favor of the inhabitants of the Dominion of Canada:

The Canadian government imposes cargo tolls on traffic passing through the Welland Canal. In the case of grain, flour, feed, etc., these tolls are 20 cents per ton. For some years past, however, the Canadian government has, just before the opening of lake navigation, issued an order in council granting a rebate of 18 cents per ton of the tolls on grain traffic passing through the Welland Canal, provided the grain was carried through to Montreal or some port east of Montreal. As the class of boats engaged in carrying grain from the upper lakes through the Welland Canal is unable to pass through the St. Lawrence canals it has been customary to transfer their grain cargoes, when destined to Montreal, to lighter draft vessels. This transfer up to the season of 1890 was made at the Canadian port of Kingston. During the season of 1890 about 16,000 tons of grain which passed through the Welland Canal and was destined for Montreal was transferred from lake vessels to river barges at the port of Ogdensburg, N. Y. At Kingston grain is transferred directly from the vessel to the river barges, but at Ogdensburg, where there are large elevators and storage capacity, the grain was transferred through an elevator.

As this grain was chiefly destined for ocean export from Montreal, the process of transfer at Ogdensburg had decided advantages over that at Kingston. The grain having been taken from the lake vessel into the elevator at Ogdensburg could be stored there until the ocean steamer on which it was to be shipped was about ready to load in Montreal. It could then be transferred to barges and reach Montreal just when it was needed for loading. By this means a considerable expense was avoided and a considerable advantage gained over the system of transfer practiced at Kingston, where the river barges often arrived in Montreal a considerable period of time before the ocean steamer at that port was ready to load, in which case the

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grain was held to await the steamer, at considerable expense. Although the order in council granting rebate on Montreal grain for the season of 1890 was absolute in terms and contained no provision confining the payment of such rebate to grain transshipped at one port rather than another, the Canadian government at first declined to pay the rebate on the grain transshipped at Ogdensburg, but took the matter under consideration and made no decision until about the close of navigation for the season. It was then decided that the rebate must be paid on the grain transferred at Ogdensburg, and such payment was made. The effect, however, of the government's action in withholding its decision until the close of navigation was to put an end almost entirely to the transshipment of grain at Ogdensburg, because the forwarders were uncertain as to whether they would get their rebate or not, and did not care to assume the risk of an unfavorable decision by the Canadian authorities.

On March 25, 1891, the Canadian government issued a new order in council, providing for the usual rebate of 18 cents per ton on Montreal grain during the season of 1891. This order, however, differed from orders made in former years, and the conditions of the rebate are stated in the order as follows: "First, the products aforesaid on which the refund may be claimed shall be shown to have been originally shipped from Montreal or some port east of Montreal before entering the Welland Canal. Second, they shall be shown to have been actually carried to Montreal or some port east of Montreal. Third, transshipment, if at a Canadian intermediate port, shall not prevent the refund aforesaid being made."

While the third condition above stated does not state unequivocally that transshipment at an American intermediate port will prevent the refund, it is generally so interpreted. There can be no doubt that the intention in wording this condition was to carry the impression that on Montreal grain transferred at Ogdensburg the refund would not be paid. As a matter of fact a few cargoes of Montreal grain have been transferred at Ogdensburg during the present year, for the purpose of testing this order in council, and in each case a demand for a refund has been refused. Shortly after the first of these cargoes was transferred at Ogdensburg the Canadian government issued an order that no rebated bills under the order in council would be paid until the close of navigation. It is, of course, impossible to say absolutely what the purpose of this last order was, but it seems quite likely that it was intended to postpone definite action in this matter until after the reciprocity conference in October, so that at the time of such conference the Canadian commissioners could claim that, in spite of the wording of condition 3 of the order in council above referred to, no actual discrimination had yet been made between transshipment at American and Canadian ports.

So much for the facts relating to rebates on grain passing through the Welland Canal.

Supplement No. 1 to the annual report of the Canadian minister of railways and canals (a copy of which is sent herewith) contains the canal statistics for the season of navigation of 1890. In it will be found a verification of all the facts hereinbefore set forth relating to the year 1890. The statements relating to the order in council and the course of proceeding for the year 1891 can be easily verified by your department through the United States consul at Prescott or the consul-general at Ottawa.

It may be well to point out certain other facts drawn from the official report of the operations of the Welland Canal for the season of navigation of 1890, as contained in the supplement above referred to. From that report it appears that in the year 1890 there passed down the Welland Canal to Canadian ports 363,839 tons of freight, of which 212,080 obtained a rebate of nine-tenths of the canal tolls. During the same season there passed down the canal to the United States ports 327,833 tons of freight, of which only 16,433 tons obtained any rebate whatever. It also appears that in the year 1890 there passed down the Welland Canal in Canadian vessels 326,149 tons of freight, of which 181,275 tons obtained a rebate of nine-tenths of the tolls exacted at the canal. During the same season there passed down the canal in United States vessels 362,477 tons of freight, of which only 52,459 tons obtained any rebate whatever. On traffic up the canal no rebates of tolls were paid, but of such traffic up the canal in the year 1890, 251,342 tons was bound to American ports and only 38,724 tons to Canadian ports. Of this traffic 219,726 tons was carried in American vessels and only 72,340 tons in Canadian vessels.

It also appears in the report that during the year 1890 178,988 tons of coal was carried up and 23,396 tons of coal was carried down through the Welland Canal. Of the coal carried up 161,616 tons was carried between ports of the United States, 92 tons was carried between Canadian ports, and 17,280 tons from a United States to a Canadian port. It will thus be seen that the up traffic in coal through the canal consisted almost entirely of a movement in the United States coastwise trade, and was, therefore, necessarily carried in United States vessels. On this up movement of coal full tolls of 20 per cent per ton were exacted. Of the down movement of coal, however, 22,781 tons was carried to Canadian ports, and all of this was car-

ried in Canadian vessels. Only 615 tons of coal was carried down through the canal in an American vessel or to an American port. On the 14th of April, 1890, the Dominion Government issued an order reducing the toll on coal passing down the canal from 20 cents to 10 cents per ton, but leaving the full toll of 20 cents on coal bound up the canal.

It also appears from this official report that of the Montreal grain transferred at Kingston during the season of 1890 184,275 tons was carried to Kingston in Canadian vessels and 35,560 tons in vessels of the United States.

The Lake Carriers' Association believes that the facts hereinbefore set forth show very plainly a violation by the Dominion Government both of the spirit and letter of the twenty-seventh article of the treaty of Washington, for the following reasons:

First. The effect of the rebates on Montreal grain is to allow practically all the grain which passes through the Welland Canal bound for Canadian ports to go through at a toll of only 2 cents per ton, while the grain which passes the canal bound for United States ports is obliged to pay a toll ten times as great. It is understood that the Dominion Government claims that the treaty is not hereby violated because the grain carried to Canadian ports is shipped from ports of the United States; that therefore the carriage of such grain is open both to American and Canadian vessels, and that the rebate is paid alike to the vessels of both countries. Therefore they claim that the use of the Welland Canal is given to Canadian and United States vessels on equal terms. It is to be noted, however, that the twenty-seventh article of the treaty of Washington secures the equal use of the canal not only to American and Canadian vessels, but to the citizens of the two countries. The purpose and intent of that article is clearly to prevent the Canadian Government, by the use of vexatious canal regulations or by any device of discriminating tolls, rebates, or refunds, from giving to their own vessels or to their own ports, or to their own consumers or citizens, any advantage over American vessels or American ports or American consumers or citizens. If the intent of the treaty had been simply to secure to vessels of the two countries equal rights in the canal, such intention would have found its natural expression by using the word "vessels" in the article. It is clear that the intent of the article is to cover a broader ground and to secure the use of the canal on equal terms not only for American vessels, but for American ports, consumers, and business interests. The grain rebates are, therefore, in clear violation of the treaty.

When an American vessel loaded with grain for an American port passes the Welland Canal, by what citizens of the United States is the canal used? Is it not used as well by the owners or consignees of the cargo as by the owners or charterers of the vessel? Manifestly it is used by both, and the Canadian Government distinctly recognizes this fact by exacting tolls from both. On every steam vessel passing the canal a toll of 1½ cents per registered ton, and on every sailing vessel a toll of 2½ cents per registered ton is collected. In addition to these vessel tolls, tolls are exacted on the cargo, and it is on these cargo tolls that discrimination is made. When two vessels loaded with grain arrive at the canal together, one cargo destined for Ogdensburg or Oswego, and the other destined for Montreal, and the Canadian government exacts a toll ten times as great on the cargo destined for the United States port as on the cargo destined for the Canadian port, it is clear that the use of the canal is not secured on equal terms for the citizens of both countries. On the principal commodity passing the canal there is an audacious discrimination against American forwarders, ports, consumers, and routes of export and in favor of Canadian forwarders, ports, consumers, and routes of export. In the year 1890, on 228,513 tons of grain carried through the Welland Canal to Montreal, only \$4,570 tolls was exacted, while on 245,932 tons of grain which passed down the canal to Ogdensburg, Oswego, and other United States ports \$19,186 was exacted. Surely this is not giving the use of the canal on equal terms to inhabitants of the Dominion and citizens of the United States. A careful study of the official canal statistics for the year 1890 shows that the Dominion government collected on the Welland Canal over and above all refunds cargo tolls to the amount of \$134,000, and that of these tolls cargo destined for American ports paid \$97,000 and cargo destined for Canadian ports only \$37,000. Of the total cargo tonnage of the canal 57 per cent destined for American ports paid more than 72 per cent of the tolls; 43 per cent destined for Canadian ports paid less than 28 per cent of the tolls. With only one-third more cargo than Canada we paid nearly three times as much in cargo tolls.

Mention has already been made of the difference in the rates of toll on west-bound and east-bound coal, and in the statement of facts above given it is shown that on this article as well as on grain there is a clear discrimination against citizens of the United States. The west-bound coal is nearly all carried between United States ports, and therefore necessarily on American vessels. Twenty cents a ton is exacted on this traffic. The same commodity when carried through the canal east-bound is nearly all carried to Canadian ports and on Canadian vessels. By an order in council made last year only 10 cents a ton is exacted thereon.

Second. There is the clearest possible case of discrimination against citizens of

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the United States in the third condition attached to the refund of grain tolls as such condition appears in the order in council granting such refunds for the year 1891. That condition implies, in the plainest possible manner, that nine-tenths of the grain tolls will be refunded on Montreal grain in case such grain is transferred at Kingston, but that no such refund will be made if such transfer is made at Ogdensburg. If the Canadian Government claims that no refunds whatever are now being made, that the whole subject will be taken up at the close of the season of navigation, and that refunds on grain transferred at Ogdensburg have not yet been definitely refused, it is sufficient to say that the clear and necessary effect of this condition in the order in council is to drive the business away from the Ogdensburg route. So long as a condition thus expressed appears in the order in council granting grain refunds, no forwarder of grain can prudently transship it at Ogdensburg.

Third. The system of tolls now in use in the Welland Canal is a discrimination against American vessels as well as against American ports, consumers, routes of export, and forwarders. By confining the granting of grain refunds to grain transhipped at Kingston, the Canadian Government thus excludes from the operation of the refund order the regularly organized lines of American vessels running to Ogdensburg. It confines the benefits of the order in council to American vessels which may run to a certain Canadian port; and while this Montreal grain is shipped from ports of the United States, and for that reason its carriage from such ports to Kingston is open to vessels of the United States, as a matter of fact this line of the carrying trade is in the hands of Canadian vessels. We have seen also that in the east-bound coal traffic through the canal, where such traffic is almost entirely carried in Canadian vessels, a toll is exacted only one-half as great as in the case of the west-bound traffic in the same commodity, such west-bound traffic being almost entirely United States coastwise trade and therefore necessarily in the hands of American vessels. We submit that it is not giving the use of the Welland Canal to United States vessels on terms of equality with those of the Dominion to select lines of trade which are in the hands of United States vessels, and in such cases to exact full cargo tolls while granting greatly reduced rates of cargo tolls in lines of trade which are, as a matter of fact, in the hands of Canadian vessels.

Believing that the facts and reasons above given show a clear violation by the Canadian Government of the treaty obligations entered into by Great Britain on its behalf, we have thought this a most opportune time for bringing the whole subject to the attention of your Department. In a few weeks the commissioners appointed by the Dominion Government will visit Washington for the express purpose of conferring with representatives of the United States on the reciprocal trade relations of the two countries. A favorable opportunity will thus be afforded for bringing this matter formally to the attention of the Dominion Government and for demanding that henceforth the Welland Canal shall be open for business to citizens of the United States on terms of equality with the inhabitants of the Dominion, without discrimination against either American ports, consumers, forwarders, or vessels. Should the Canadian Government not grant redress and should it continue to hold that the regulations now in force are no violation of the treaty, then the United States Government would certainly be free to place upon the treaty the same construction placed upon it by the Canadian Government.

It could, therefore, be placed in force upon the St. Clair Flats Canal and the St. Marys Falls Canal a system of tolls which would operate against Canadian vessels and ports just as the Welland Canal tolls operate against our own.

Suppose the United States should put in force regulations whereby all vessels passing the St. Clair Flats Canal or St. Marys Falls Canal bound for any port of the United States should be allowed to pass without paying tolls while high cargo tolls were exacted from all vessels passing these canals bound for any Canadian port. Such regulations could certainly not be complained of by the Canadian Government. If it were found as a matter of fact that any particular commodity carried to any Canadian ports through these canals was usually carried in American vessels, or was a trade from which the business interests of the United States were deriving benefit, then such commodity might be exempted from the payment of tolls, just as Montreal grain and east-bound coal are partly exempted on the Welland Canal, leaving, however, all Canadian coastwise business through these canals and all business through these canals bound to Canadian ports and usually carried in Canadian vessels subject to such heavy tolls.

Simple justice to American forwarders and vessel-owners requires that on grain bound for Montreal the same tolls should be exacted at the St. Clair Flats Canal that are now exacted at the Welland Canal on grain destined for ports of the United States.

Very respectfully yours,

LAKE CARRIERS' ASSOCIATION,
Per C. H. KEEP, Secretary.

Hon. JAMES G. BLAINE,
Secretary of State, Washington D. C.

All efforts to secure a just interpretation of the treaty rights of American citizens have been met in a spirit of evasion, avoidance, and delay. Such conduct is not only dishonest in purpose and deceitful in method, but almost reaches to the point of contumely and insult.

It appears that a power should be vested in the President of the United States to so regulate tolls on the St. Marys Falls Canal as to secure to American citizens their rights as herein set forth.

The accompanying bill is therefore reported with a recommendation that it do pass.

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