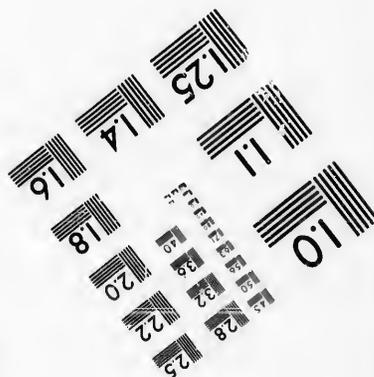
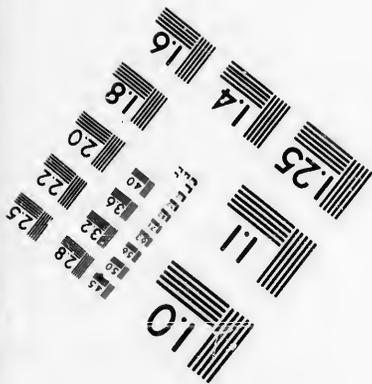
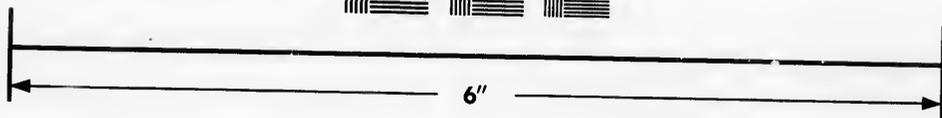
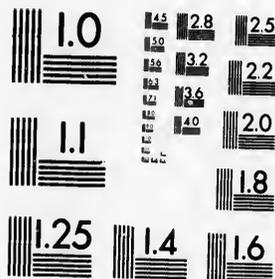


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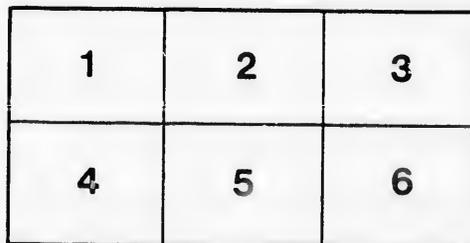
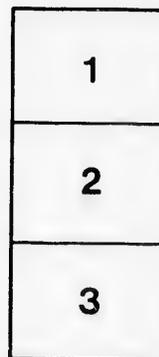
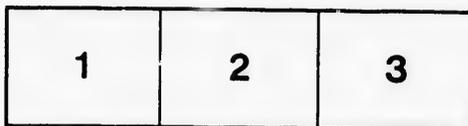
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CANADIAN AGGRESSION

UPON

AMERICAN COMMERCE,

AND

THE INJUSTICE OF APPLYING

The Long and Short Haul Rule

TO

TRANSCONTINENTAL TRAFFIC.

By JOSEPH NIMMO, JR.



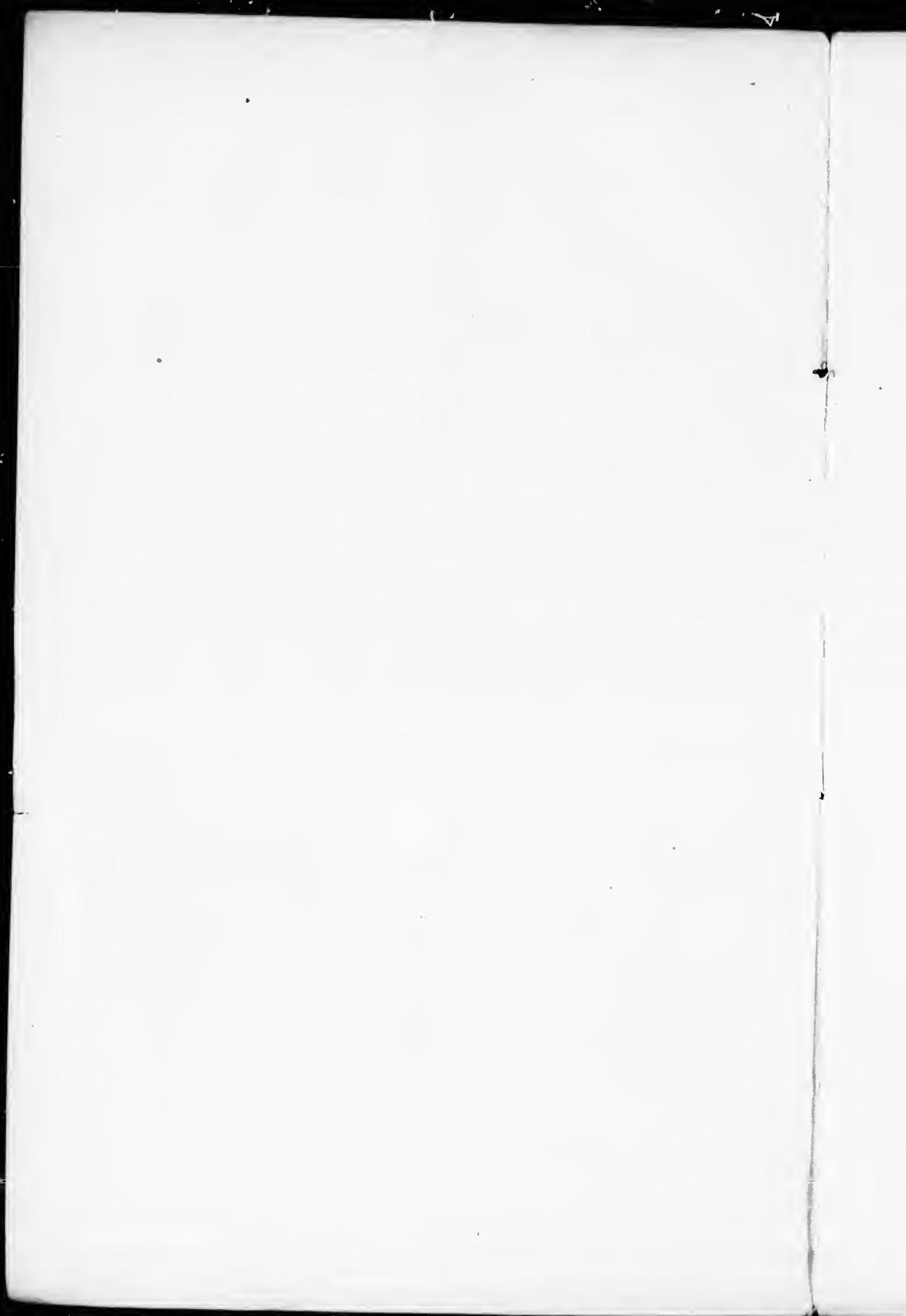
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Editorial Notice from the Chicago Inter-Ocean of Sept. 8, 1888.

OUR COMMERCIAL RELATIONS WITH CANADA.

The communication from Mr. Nimmo, which is published in *The Inter-Ocean* of to-day, deserves not only perusal but study. So far as concerns the immediate cause of its being written, the article has no claim to consideration, but the fundamental facts brought out ought to challenge the attention of the country. Congress is charged, under the Constitution, with the duty of passing such laws as the commercial interests of the country demand, and, as Mr. Nimmo shows, this duty is being neglected; Great Britain is pursuing her traditional policy in Canada and British Columbia of fostering her own commerce by liberal subsidy, rail and steamship, and gradually getting a large share of the transcontinental transit of the United States.

No one can blame the Canadian and the Imperial Governments for following this course. It is the business of every nation to look after its own interest. But this country should have a little of the same kind of common sense, and protect its own transportation interest from foreign encroachment. The facts presented lead logically to the recommendations made. Nothing can be hoped for in the direction of National commercial protection from such a President as Grover Cleveland, but with Benjamin Harrison in the Executive Mansion there will be a real statesman at the head of our public affairs, one who knows enough to appreciate the importance of not allowing a foreign power to build up its own commerce and at our expense.

The enormous subsidy to the Canadian Pacific Railroad, \$130,000,000, was dictated primarily by a wholesome desire to be independent of the United States in transportation and travel between the remote portions of British America, but it is now coming to be used as a link in that mighty chain wherewith Great Britain aims to bind the world in bonds of commercial subjugation and make all nations pay tribute to British capital. The country has an easy and efficient remedy, if only disposed to apply it, as Mr. Nimmo points out. Correct the abuse of the privilege of transit in bond and the evil would be averted by substantially confining the business of the Canadian Pacific to Canadian and British business. This, however, must not be done in a way to put our shippers at the mercy of a domestic railway pool, but rather under a judicious exercise of the power of Congress to regulate not only commerce between the States, but with foreign countries. The treaty-making power must not be allowed to usurp the prerogative of Congress as the law-making department of the government, which was what the fisheries treaty attempted to do. The rejection of that treaty was a preliminary step toward carrying out the policy outlined by Mr. Nimmo.

CANADIAN AGGRESSION UPON AMERICAN
COMMERCE, &c., &c.

To the Editor of the Inter-Ocean:

It is a compliment to be controverted by a leading journal of a great city, and in this view I should highly appreciate a recent editorial in the St. Paul *Pioneer Press* upon my published statement in regard to "Our Canadian Relationships," but for the fact that the editor of that paper refutes certain views which he imputes to me, but which are the very opposite of opinions which I have publicly expressed and earnestly desire to inculcate. In representing me as a hater of Canada the *Pioneer Press* also mistakes both my temper and purpose. As I am particularly desirous of being understood by the people of the Northwest, I beg leave to address to THE INTER-OCEAN this communication, expressive at once of my judgment and feeling upon the subject. In my pamphlet above mentioned I have spoken at some length and with some degree of particularity of the traffic over the new lines from Duluth to Sault Ste. Marie and from Minneapolis to Sault Ste. Marie, over the Grand Trunk Railway from Chicago to Port Huron, and over the Michigan Central Railroad and the several eastern connections of those lines in Canada, viz., the Canadian Pacific, the Grand Trunk and the Canada Southern. I have distinctly stated that the traffic over these routes is "mutually beneficial to the interests of transportation and of trade in the two countries;" that it subserves important interests in our Northwestern States and New England States; and, in order not to be misunderstood, I add that such traffic "is characterized by conditions of a true reciprocity" (see pages 6 and 7).

And yet the editor of the *Pioneer Press* assumes that I am in favor of the total abolition of the "transit trade." So long as peace exists between the two countries—and may it never be broken—I cannot imagine a condition of affairs which would render a suspension of this particular branch of the "transit trade" necessary or desirable. I am also glad to know that the Northern Pacific Railroad Company is about to secure running arrangements over the new Manitoba Railroad. That traffic will also be "characterized by conditions of a true reciprocity," and as such stand upon its own merits.

I am likewise in accord with the *Pioneer Press* in the general proposition that it matters not whether the capital with which our railroads are built comes from England or France or Germany or Canada or from the pockets of our own people; but the editor of that paper assumes that I entertain the opposite opinion.

Naturally, then, the question might be asked: If such are your views what are you firing at in your accusations against the Dominion of Canada and against the Canadian Pacific Railway? That is just the question I wish to answer, and I shall try to present the subject in a clear light by means of an illustration.

THE CASE ILLUSTRATED.

Suppose the State of Pennsylvania should grant a charter for a new railroad to cost \$159,000,000, lend and give it \$130,000,000, grant it all the land it might need, and then back it up in ever fight with rival railroads to the full extent of the financial and political powers of the State—in a word embark full tilt into the railroad business, making the supposititious railroad corporation a mere agency of the State. Is it not perfectly evident that this State road, with such backing, would in a few years be able to force the Pennsylvania Railroad Company into bankruptcy, and to absorb it, with all its lateral lines from the Atlantic seaboard to St. Louis and Chicago? In like manner, the ownership of all the other railroads in Pennsylvania could be secured. If this State railroad monopoly should continue to pursue an aggressive policy by reducing competitive rates to the bare cost of moving trains, neighboring corporations like the Baltimore and Ohio and the New York, Lake Erie and Western would in time grow dizzy and tumble into the maw of the great Pennsylvania octopus. Is it not evident that this would give a new phase to the entire railroad system of the United States, and is it not also clear that our present interstate commerce law could not be equitably or justly administered under such a state of affairs? That law is intended for the regulation of railroad corporations, not for the regulation of creators of railroad corporations like the great State of Pennsylvania, invested with sufficient financial and political power to take half a dozen of our strongest trunk lines by the throat and shake them to death.

THE ACTUAL CASE WHICH CONFRONTS US.

But such a state of affairs, in an even more objectionable form, confronts us along our Northern frontier from the Atlantic to the Pacific, in the Canadian Pacific Railway Company, the *alter ego* of the government of the Dominion of Canada. That railroad cost \$159,000,000; the Canadian government has aided it to the extent of \$130,000,000, bestowed upon it an enormous land grant, conceded to it extraordinary monopoly privileges, and now stands behind it to the extent of its financial and political powers in all its competitive struggles with American transportation lines on the land and on the sea. From the time it was opened it has been able, as the result of such governmental backing alone, to

dictate terms to American railroads in their traffic between the Pacific coast and the States east of the Mississippi river. Pursuing always an aggressive policy, it proceeds to secure the ownership of parallel lines in the United States at the West, and after securing the right of way for a line through the State of Maine, with the object clearly in view of diverting trade from New York, Boston and Portland, to St. Johns and Halifax, the Dominion government proceeds to subsidize that line to the extent of \$186,000 a year from St. Lawrence river to Mattawamkeag.

Besides all this the Canadian and British governments have subsidized a steamer line between the western terminus of the Canadian Pacific Railway and China and Japan to the amount of \$300,000 a year, as against a compensation of \$14,820 per annum paid by the United States for its China and Japan postal service, which service is at least four hundred times as great as the postal service performed by the competing British line. Is it not perfectly apparent that this whole scheme for the promotion of the commercial and political designs of the Canadian and British governments presents no aspect of free trade or of reciprocal trade? It would be an ellipsis to call it *protected* trade. It is not trade at all. It is simply a scheme of premiums paid by two allied British governments to a Canadian railroad company and a British steamer line to grasp a certain portion of the internal and foreign commerce of the United States, with the object distinctly in view of breaking down American commercial enterprise and of absorbing the commerce on both sides of the boundary line.

THE INTERSTATE COMMERCE LAW CANNOT BE BENEFICIALLY ADMINISTERED IN THE FACE OF SUCH INTERFERENCE BY THE CANADIAN AND BRITISH GOVERNMENTS.

Is it not perfectly apparent that such interference by the Canadian and British governments in our transportation affairs introduces a new phase into the conduct of the transportation interests of the United States, utterly vitiating the scheme of regulations formulated in our interstate commerce act? That law, as before stated, was intended for the regulation of competing railroad corporations, not for the regulation of States, much less for the regulation of a jealous and aggressive foreign government employing its political powers for the absolute control of a part of our internal and foreign commerce, and under no sort of obligation of conformity to our municipal law. The Constitution of the United States provides that "Congress shall have power to regulate commerce among the States and with foreign countries," and it is an offence to our National pride that a foreign government should, by direct or indirect means, exercise that power. Manifestly no scheme of railroad regulation can be beneficially administered in this country so long as we allow a foreign gov-

ernment to run a saw cut clean through our plans at will. The difficulties of the case naturally arise from the clashing of an aggressive governmental railroad system of a foreign country with our own railroad system created and operated by private enterprise, and at all times subject to public scrutiny and governmental restraint.

The Interstate Commerce Commission has projected its functions across the Atlantic Ocean, legally I assume, and why not across the Pacific Ocean? But an attempt to apply the long and short haul rule to our China trade in the face of the subsidy granted to the competing British line would be as absurd as an attempt to apply it to railroads which compete with Canadian railroads built by the Dominion government, and in the face of the determined purpose of that government to back its lines up with the whole force of its financial and political powers, in all their competitive struggles with American railroads. The attempt to enforce that rule upon our railroads exposed to such competition would simply be to throw the power of our own government on the side of Canadian aggression.

THE QUESTION IN ITS POLITICAL ASPECTS.

The facts thus set forth clearly indicate that Canadian and British competition with American transportation interests is a political rather than a commercial question, and, therefore, one which should engage the earnest attention of the people and the Congress of the United States. Perhaps the most obnoxious feature of the British-Canadian attempt to capture American commerce has not yet been stated. The political phase of that aggressive move is accentuated by a British fortress and naval station at Esquimault, on the Island of Vancouver, opposite and in sight of our shores. This Esquimault military establishment is a concrete expression of British imperial confederation, although ostensibly for the protection of British Columbia, a colony having less than half the population of little Washington Territory, which is just thinking about gaining admission into the Union as a State. It is characterized by Lord Lansdowne, late Governor General of Canada, as "one of the greatest and most important strongholds of the empire," and Captain Colomb, of the British Army, says: "It holds a pistol to the head of San Francisco." The great port of New York is nothing like so strongly defended. But this whole politico-commercial scheme is eminently British. England's military arm always covers her commerce, and when she wishes to establish a new trade she sticks her guns out in front of it. The intimate connection between British commerce and British military power is strikingly illustrated in the new steamer *City of New York*, which is built according to plans approved by the British Government, and in such manner that she can be

converted into an armed cruiser and transport in two weeks. In consideration of being so constructed, and of being at all times subject to the command of the Admiralty, she receives a special annual subsidy, the amount of which is not publicly known. And this is the case with respect to all the fast British steamers engaged in our transatlantic commerce.

To allow a foreign country to exploit upon our commercial and transportation interests in the manner hereinbefore described in the case of the Dominion of Canada, without adopting measures for avoiding the effects of such aggression, would be almost as disgraceful as to allow a foreign government to make such captures by means of its military power, without show of resistance. The honor and dignity of the country, as well as our commercial interests, are concerned in this matter. No State of the Union would desire the continuance of such aggression, even though it might afford her some incidental advantages, any more than the State of Massachusetts would allow a profitable tea-trade at Boston in 1775 at the expense of political usurpation.

ATTITUDE ASSUMED BY CANADA TOWARD THE UNITED STATES.

The pertinent question arises, What do you propose to do about it? I answer, first discuss it, and let the people of the United States know the exact nature of our Canadian relationships, and the character of the methods and expedients to which the government of the Dominion of Canada is having recourse in its efforts to snatch from us a part of our internal and foreign commerce.

The United States is a very large part of the world to Canada, but Canada is a very small part of the world to the United States. As a Nation, we know much more about England, or Germany, or France, or Brazil, or China, than we do about Canada.

Let us glance, for a moment, at a few facts illustrative of the attitude assumed by the Dominion of Canada toward the United States. And first I would state that in the face of the relations of reciprocity known as "the transit trade," under which Canada is enabled to ship every conceivable domestic and foreign product across our territory without payment of duty, she absolutely refuses to allow American fishermen to ship across her territory fish which have been caught in the Atlantic ocean far beyond the territorial jurisdiction of any country, and such refusal is based upon the flimsy pretext of the proximity of the fishing grounds to Canadian territory. The absurdity and rank injustice of this assumption has for months been reiterated in Congress and in the public press, and the President of the United States at last deemed it his duty officially to announce to Congress and to the country his disapproval of this outrageous denial of our commercial rights. The astonishing feature of the business is that the reciprocal right

of free transit across the two countries is worth more than a hundred times as much to Canada as it is to the United States, not only during the seven or eight months when the St. Lawrence route is closed by ice and fog, but also during the period when that route is open to commerce.

Second. By act of Parliament, in the year 1879, the Canadian government offered to place certain products of the United States upon "her free list" whenever the United States should place similar Canadian products upon our "free list." This offer was accepted by act of Congress in 1883, but for a long time Canada neglected to observe her part of the compact; finally she yielded a reluctant compliance in April last, after several diplomatic notes upon the subject had passed between the two countries.

Third. For several years Canada has persisted in imposing certain discriminating entry fees upon American vessels in the face of the manifest spirit and intent of the treaty of Washington.

Fourth. In the year 1878, by act of Congress, we offered to allow Canadian wrecking vessels to come to the relief of Canadian vessels in distress in American waters, provided Canada would allow American wrecking vessels to go to the relief of American vessels in Canadian waters, but as yet the offer is refused, although it appeals to considerations of humanity.

Fifth. For several years past Canada has persisted in a discriminating toll of 18 cents per ton upon her canals in favor of vessels bound to Montreal. This discrimination against American ports is in open violation of Art. XXIX of the treaty of Washington. Since January last, protest has been made against this practice in Congress and in the public press, and the President, in his recent special message, has also in this case deemed it his duty officially to announce to Congress and the country his sense of the wrong thus perpetrated upon the United States.

Sixth. The people of the Northwest know perfectly well that Canada has thrown every possible obstacle in the way of allowing American transportation companies the privilege of carrying goods from one part of Canada to another part of Canada, although in the conduct of the "transit trade" the "Grand Trunk" and the "Canadian Pacific" are living upon traffic between different parts of the United States. As I have elsewhere remarked, Canada is allowed to dip her ladle into our big dish, while refusing us the privilege of dipping our spoon into her little dish. But reciprocity in good faith in this matter is incompatible with the Canadian determination to grasp American commerce in the manner hereinbefore described. The Grand Trunk and Canadian Pacific Railway Companies have, by direct and indirect methods, been enabled to secure extensions to their lines in the States of Maine, New Hampshire, Vermont, Michigan, Indiana, Illinois, Wisconsin, and Minnesota, but American railroad companies are unable

to secure reciprocal privileges in Canada. Canada has no general railroad law, and it is certain that no American line could secure a charter for a road which would compete with any one of her trunk lines. But the fact that those lines are so heavily subsidized by the Dominion government, alone prevents foreign competition.

THE MANITOBA CONNECTION OF THE NORTHERN PACIFIC RAILROAD THE RESULT OF POLITICAL REVOLT.

The people of the Northwest well know that the connections recently formed by the Northern Pacific Railroad with the Red River Valley Railroad is simply the result of a revolt by the people of Manitoba against the Dominion government. The parliament of that province, under a threat of secession, nullified the act of the Dominion parliament, which granted the monopoly of railroad construction to the Canadian Pacific. Such a revolt in this country would have been opposed by the Army of the United States. But the Dominion government is nothing more or less than a loose-jointed autocracy, with a monarchical feather in its cap. It can bluster and fall back, and perform political antics which the people of the United States would not for a day tolerate in their National Government. The ownership and control of the Canada Southern Railroad by the dominant interest in the Michigan Central and the New York Central and Hudson River Railroad Companies has been mentioned as an exception to the asserted exclusion of American railroads from Canada, but the control of that line was acquired before the Dominion government had embarked in the railroad business as a fundamental part of its national polity.

The people of Spain call Cuba their "milch cow," and the people of Canada for a very different reason appear to regard the United States as their milch cow. In the latter case the spirit of aggression appears to be the result of the fact that the Canadians are a small and ambitious people, neighbored by a great and magnanimous nation, which has not, and never has had, an affirmative foreign policy.

THE HISTORIC ORIGIN OF CANADIAN AGGRESSION.

In the year 1848 the Canadian government completed a line of canals which overcame the obstacles to navigation between Lake Erie and the St. Lawrence river at Montreal. The superiority of this route to the Erie Canal route was loudly asserted upon the grounds that "it was the natural highway of commerce" between the West and the seaboard, notwithstanding the fact that the Canadian improvements to navigation cost rather more than did the Erie Canal. But six months of ice and about two months of fog in the river and Gulf of St. Lawrence leave only about four months of safe and reliable navigation. Therefore the Canadian

water-line has failed to meet the demands of the bounding West. Besides, the American railroad system has placed that route in eclipse, and Montreal has in consequence become an inconsiderable factor in the competition with New York and Boston for the foreign commerce of this country. Perceiving the failure of her water-line with the indomitable energy of the British race, Canada next turned to the railroad, and during the last fifteen years she has been employing it toward the accomplishment of her original purpose and to the full extent of her powers.

REMEDIES PROPOSED.

But the question recurs, What do you propose to do about it? I reply generally—respond to each refusal to reciprocate and retaliate in each case of absolute aggression; but in no case overstep the bounds of a temperate and just vindication of our rights. Our self-respect as a great nation dictates that. I do not wish to be dogmatic in my utterances touching specific measures, and yet it appears proper to state plainly the expedients which, in my judgment, ought to be adopted for the protection of American interests and the vindication of the honor and dignity of the country.

1. I recommend that a discriminating duty be laid on all imports from China and Japan and other foreign countries through British Columbia and over the British Canadian Pacific Railway, and I think the duty ought to be just high enough to offset the premium paid by the Canadian and British governments to their Pacific ocean steamer line and to the Canadian Pacific Railway in order to enable those lines to force American commerce from American steamships, American seaports, and American railroads.

2. I would recommend the passage of a law forbidding the transportation of goods free of duty from our Pacific coast ports to points in the United States east of the Rocky Mountains by steamer to Port Moody, and thence east to destination over the Canadian Pacific Railway and lines in this country. Besides the objection to this sort of traffic upon the commercial and political grounds hereinbefore set forth, it is an improper mode of administering our customs service. It looks too much like abrogating our customs laws in the interest of a foreign government to allow transfers of miscellaneous dutiable goods to be made from vessel to railroad car and *vice versa*, in a foreign country, with no possible security against violations of our revenue laws, through the supervision of our own customs officers acting in their official capacity. Therefore, I recommend that the "transit-trade" be confined to continuous rail movements in sealed cars without breaking bulk, in all such cases the Canadian link being a part of a direct route from the point of shipment in the United States to the point of delivery in the United States. Here I would draw

the line. As before stated such traffic embraces in itself "the conditions of a true reciprocity." I also regard this traffic as permissible, for the reason that the links across the interjecting territory of Canada are such as probably would have been constructed by American capital, if allowed that privilege, in order to complete direct through routes, in case such links had not been constructed by Canadian capital. It is for these reasons that I oppose any interference with the "transit trade" between different points in the United States over Canadian lines east of Sault Ste. Marie.

3. I recommend that no attempt be made to enforce the "long and short haul rule" against American railroads engaged in competition with Canadian government railroads and sustained by it in their efforts to direct American commerce from American lines. Such enforcements of that rule would operate directly as an aid to the Canadian government in its raid upon American commerce, and I hesitate not to characterize it as unwise, unpatriotic, and unjust.

Under every form of government, from the family to the State, the exercise of restraint implies the duty of protection, and in all great questioning this rule commends itself to the inherent honesty and integrity of the American mind. Upon no other principle can our railroads be justly or beneficially regulated.

CONCLUDING REMARKS.

And now in conclusion I would say, let not the question of principle involved in this subject be lost sight of in considering it in its economic and commercial aspects. That would be discreditable to us as a nation. The very thought of allowing the Dominion of Canada to interfere in any manner with the course of our material development is upon its face absurd. The pride and self-respect of this nation revolt at it. Rather must the United States by a loyal fidelity to those conditions which constitute the muniments of its greatness and power exercise a paramount influence over the commercial development of this continent. American statesmen who fall below this mark will fail to meet the demands of "a proud, expectant nation." But there need be no fear of failure here. The whole subject of Canadian aggression has been referred to an able committee of the Senate of the United States, and it is earnestly to be hoped that that body will be guided to such conclusions as shall be conformable to the interest and mission of the United States on this continent and at the same time be just to Canada.

JOSEPH NIMMO, JR.

