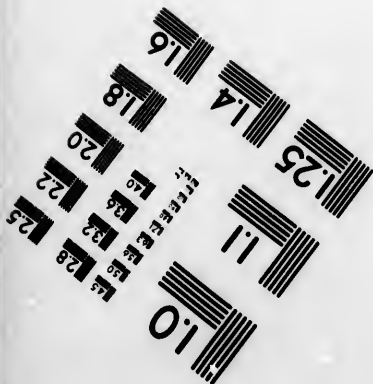
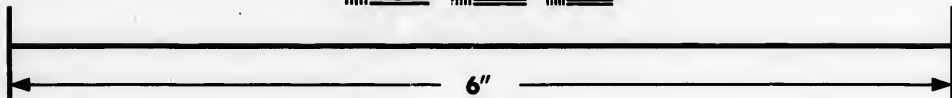
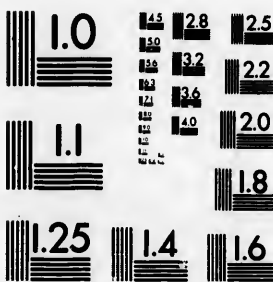


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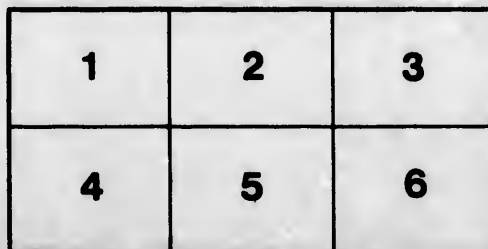
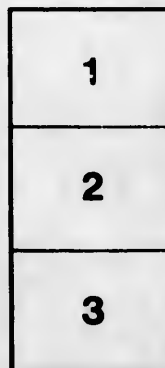
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LETTER

FROM

THE ACTING SECRETARY OF THE TREASURY,

TRANSMITTING,

In response to a resolution of the House, a report of the Commissioner of Navigation relative to the use of the Welland Canal.

JULY 24, 1888.—Referred to the Committee on Foreign Affairs and ordered to be printed.

TREASURY DEPARTMENT, July 23, 1888.

SIR: I have the honor to acknowledge the receipt of the resolution of the House, dated June 8, 1888, relating to the use of the Welland Canal.

As a reply I transmit herewith a report of this date upon the subject from the Commissioner of Navigation. It appears therefrom that an order has been issued by the authorities of the Dominion of Canada, and is now in force, by which vessels from ports of the United States, laden with wheat or other merchandise for export or otherwise, are required to pay less toll in passing through the Welland Canal when they pursue their voyage by way of the St. Lawrence River and Montreal, than when they pursue their voyage by way of Lake Ontario and American ports. The Canadian regulations operate as a discrimination against American ports, American railroads and canals, and American vessels.

The matter was brought to the attention of Congress in the report of the Commissioner of Navigation for 1887, and in the letter addressed to you January 23, 1888, and the attention of the Secretary of State has been invited to the subject.

In answer to the inquiry embodied in the resolution, I have to state that further legislation will be necessary if tolls are to be imposed by the Secretary of the Treasury upon vessels passing through the Sault Ste. Marie Canal or the St. Clair Flats Canal, and bound for Canadian ports east of the Welland Canal.

Respectfully, yours,

HUGH S. THOMPSON,
Acting Secretary.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

TREASURY DEPARTMENT, BUREAU OF NAVIGATION,
Washington, D. C., July 23, 1888.

SIR: I have the honor to acknowledge the receipt of the following resolution of the House, viz:

"That the Secretary of the Treasury inform the House (if compatible with the public interests) whether any order has been issued by the authorities of the Dominion of Canada and is now in force, by which vessels from ports of the United States laden with wheat or other merchandise for export, or otherwise, are required to pay a less toll in passing through the Welland Canal when they pursue their voyage by the way of the St. Lawrence and Montreal, than when they pursue their voyage by way of Lake Ontario and American ports; and if so, what steps have been taken to secure the removal of such discrimination against American ports in violation of the spirit of the Treaty of Washington; and whether any further legislation is required to authorize the Secretary of the Treasury to impose tolls upon vessels passing through Sault Ste. Marie Canal or the St. Clair Flats Canal and bound for Canadian ports, in case the Dominion authorities should continue to discriminate against vessels passing through the Welland Canal and bound to ports of the United States."

In reply I have to state that an order has been issued by the Canadian government, and as understood, is now in force in the same manner as last year, discriminating in favor of the shipment of grain, which is exported by way of the St. Lawrence Canals and Montreal.

The order in council, G. 251, of April 20, 1888, is as follows:

"His excellency in council has been pleased to order, and it is hereby ordered, that the special rates of toll of two (2) cents per ton adopted last year for the passage through the Welland and St. Lawrence Canals of certain cereals, wheat, Indian corn, peas, barley, and rye, when shipped for Montreal, or for any other port east of Montreal, be continued during the forthcoming season of navigation and no longer, such toll covering the Welland and the St. Lawrence Canals.

"His excellency has been further pleased to order the continuance, for the same period only, of the arrangement under which the said food-products, if they have paid the ordinary full tolls for passage through the Welland Canal, shall be entitled to exemption from payment of any further toll for passage through any portion of the St. Lawrence Canal system, even if not traversing the whole distance to Montreal."

Chapter 37, laws of the Dominion of Canada, passed in 1886, section 13, subdivision 1, authorizes the governor in council to charge tolls and to declare exemptions therefrom. The following are the terms of the provision:

"The governor in council may impose and authorize the collection of tolls and dues upon any canal, and may, from time to time, in like manner, alter and change such dues or tolls, and may declare the exemptions therefrom; and all such dues and tolls shall be payable in advance and before the right to the use of the canal in respect of which they are incurred accrues, if so demanded by the collector thereof."

The regular rates of tolls over the Welland Canal for wheat, flour, and bulky products has been 20 cents per ton for a considerable period of time, and over the St. Lawrence Canal, each way, 15 cents per ton.

It appears that favors have been granted from year to year by governor's order, in council to shippers of food-products through the Welland Canal and St. Lawrence Canals to Montreal, in one or both of two methods. Free passes are issued through the St. Lawrence Canals on presentation of a voucher showing the payment of Welland Canal tolls, and a refund is made of a part of the Welland Canal tolls.

A report of the commissioner of inland revenue, dated Ottawa, March, 1887, shows that the aggregate revenue from canals increased during the year 1886 to the extent of \$48,754, the several increases and decreases being as follows:

	Increase.	Decrease.
On the Welland Canal	\$42,559.35	.....
St. Lawrence canals	1,878.16	.....
Burlington Bay Canal .....	.....	\$912.93
Chambly Canal	1,001.08	.....
Rideau Canal	1,144.23	.....
Ottawa canals	3,287.97	.....
St. Peter's Canal .....	.....	173.61
Newcastle district canals	102.18
	49,060.89	1,215.72
Net increase, or about 16 per cent.	48,754.17	

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The quantity of barley, corn, oats, rye, and wheat passing down the whole length of the St. Lawrence canals to Montreal for five years was in—

	Tons.
1882	230, 055
1883	263, 368
1884	174, 496
1885	134, 224
1886	272, 133

The following extract from the inland revenue report for 1886 shows the method of granting free passes:

"Coal to pass up all canals, except the Welland Canal, free of toll, as per order in council, 7th June, 1869.

"Logs, lumber, or other produce shall pass free of toll down the Chippewa Creek, between the aqueduct and Port Robinson, as per O. C. 18th May, 1863.

"Iron ore, kryolite, or chemical ore, through one section, or all the canals, per ton, 5 cents.

"All goods having paid full toll through the whole line of the St. Lawrence Canals, or through the Lachine Canal, St. Ann's Lock, or Ottawa and Rideau Canals, shall be allowed to pass free through the Welland Canal; and if tolls have been paid at the Chambly Canal, such tolls shall be refunded at Montreal or Kingston Mills; and having paid full tolls through the Welland Canal they shall be allowed to pass free through the St. Lawrence Canals, or through the Ottawa and Rideau Canals, St. Ann's lock, the Lachine Canal, and the Chambly Canal; provided always that the articles to be entitled to the above exemptions shall go downward through the whole length of the canal to Montreal, or pass upward from Montreal through the whole length of the St. Lawrence canals, or the Ottawa and Rideau Canals, to Lake Ontario.

"All articles, goods, or merchandise not enumerated above to be charged to class No. 4."

"No let passes to be issued to steam-tugs or other small vessels for less than 25 cents as a minimum charge; but such vessels, not carrying freight or passengers, can obtain on payment of \$30 a season "let pass," which will pass them up and down the canals as often as desired."

"Goods shipped to any port west of the St. Lawrence canals, tolls upon which have already been paid for passage through such canals, may be reshipped from such ports and be passed through the Welland Canal free of tolls, in the same way as if they had been shipped through direct in the first instance; and goods going eastward, having paid Welland Canal tolls, may be transhipped at any port on Lake Ontario, and thereafter pass free through the St. Lawrence canals as if they had been shipped through direct in the first instance."

"11. When vessels clear at Fort Colborne, intending to proceed as far as Kingston, the cargo to be transhipped thence to Montreal, the let pass is only to be made out for Port Dalhousie."

"12. Let passes referred to in section 11 are to be taken up at Port Dalhousie and forwarded by the first mail to the department."

"13. When let passes are taken up as above provided, the collector will grant a certificate to the master of the vessel to the effect that the cargo—describing it—has paid Welland Canal tolls, under let pass No.—specifying the number. This certificate is to be delivered to the collector of canal tolls at Kingston on the arrival of the vessel, and in its absence the cargo to which it relates can not have free transit through the St. Lawrence canals."

A memorandum taken from the Canadian Report of Canal Statistics for 1886 throws some light upon the subject of tolls:

"O. C., 21st April, 1886.—On a memorandum, dated 20th April, 1886, from the minister of railways and canals, submitting that, by an order in council dated 4th July, 1885, the Dominion canal tolls on certain food products shipped from Montreal or any other Canadian port east of Montreal were reduced, for the then current season of navigation only, to 2 cents per ton."

"The minister recommends that for the forthcoming season, and no longer, the rate of toll on the products undermentioned, when shipped for Montreal or any other Canadian port east of Montreal, be fixed at 2 cents per ton, namely, on wheat, Indian corn, oats, peas, barley, and rye."

"The committee submit the same for your excellency's approval."

"O. C., 14th June, 1886.—Notice is hereby given that by order of his excellency, the governor-general in council, dated the 14th June, 1886, the order in council, dated 21st April last, fixing at 2 cents per ton the Dominion canal tolls on certain food products, shall apply to the Welland and St. Lawrence Canals only."

It appears that on the payment of 20 cents per ton toll in the Welland Canal a free pass is given through the St. Lawrence canals, and that a refund of 18 cents per ton is allowed from the toll paid on the Welland Canal, if the proper papers showing such

payment and that the cargo has been forwarded are produced at the department at Ottawa.

The following tables, taken from the Canadian report, show the movements of articles through the canals.

D.—Table showing the tonnage of the above-mentioned articles moved through the Welland Canal during a series of sixteen years ended 31st December, 1886.

VEGETABLE FOOD.

Fiscal year.	Flour.	Wheat.	Corn.	Barley.	Oats.	Rye.	Other articles.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1869	43,674	313,825	120,569	20,951	.....	904	1,937
1870	20,651	239,998	254,992	6,035	7,752	61	2,745
1871	30,685	355,847	180,109	8,225	1,194	3	3,777
1872	24,010	413,212	181,151	18,871	5,954	513	8,677
1873	13,964	253,835	103,749	35,751	3,383	917	0,337
1874	15,778	201,906	144,501	18,455	24,496	1,454	3,198
1875	13,558	253,933	169,196	10,870	2,810	2,439	2,355
1876	9,121	191,982	185,931	10,979	3,088	.....	2,302
1877	10,710	274,570	144,500	4,655	1,299	440	2,444
1878	12,679	245,020	163,738	17,772	.....	477	1,016
1879	9,959	127,832	101,075	24,599	.....	1,844	2,086
1880	12,261	215,056	54,799	20,120	.....	611	3,226
1881	13,471	152,794	162,209	10,430	.....	731	1,642
1882	13,683	144,851	118,811	7,157	10,740	1,320	9,163
1883	13,354	124,206	117,536	15,891	1,110	.....	1,912
1884	10,474	151,169	219,442	1,593	4,911	561	14,057

HEAVY GOODS.

Year.	Total.	Railway iron.	Other iron.	Salt.	Iron and salt having paid full tolls on St. Lawrence canals.	Coal.	Ores.	Total.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1869	503,800	68,064	16,924	91,575	37,163	103,126	58,781	275,623
1870	538,147	26,217	17,141	50,540	44,243	186,932	98,605	423,678
1871	579,880	6,923	20,754	40,850	17,167	339,010	118,685	543,387
1872	647,397	0,032	12,068	23,309	9,579	323,503	56,825	431,316
1873	417,936	1,517	7,588	13,509	9,902	321,306	43,683	397,565
1874	409,788	51	7,997	30,300	20,327	288,211	31,654	378,540
1875	464,181	9,630	9,696	9,173	3,983	323,869	42,768	399,109
1876	403,403	10	11,518	3,980	12,686	295,318	15,229	338,741
1877	438,564	2,782	5,797	7,174	17,796	192,957	19,164	245,679
1878	442,182	5,360	4,812	413	22,273	109,996	34,139	170,983
1879	269,395	4,585	7,013	19	30,682	128,113	15,765	189,186
1880	306,482	.....	5,348	50	17,327	237,559	23,700	283,984
1881	373,326	1,237	7,922	66	17,037	307,058	31,785	365,165
1882	305,734	698	652	461	3,242	274,471	53,205	332,720
1883	273,905	78	2,055	597	14,243	248,272	26,728	280,873
1884	414,812	166	0,123	48	12,324	271,356	27,447	317,464

E.—Table Tons

Years.	Fl
1869	7
1870	5
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WELLAND CANAL.

E.—Table showing the tonnage of the undermentioned articles cleared at Buffalo and Tonawanda, for transit through the Erie Canal, for a series of eighteen years.

VEGETABLE FOOD.

Years.	Flour.	Wheat.	Corn.	Barley.	Oats.	Rye.	Other articles.	Total.	Increase.	Decrease.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Per ct.	Per ct.
1869.....	5,609	490,904	219,874	1,978	63,728	2,150	2,193	766,436	.....	.....
1870.....	8,258	502,158	165,577	19,044	80,156	10,503	6,006	802,592	2.05	.....
1871.....	5,607	570,849	570,709	19,810	106,391	27,622	5,765	1,315,693	67.29	.....
1872.....	.....	330,032	806,169	41,515	73,572	5,900	88	1,317,276	67.50	.....
1873.....	6	737,167	611,075	8,630	51,615	22,411	634	1,432,174	82.10	.....
1874.....	.....	650,161	450,728	3,192	44,079	112	237	1,157,509	47.18	.....
1875.....	5,850	695,315	273,006	1,156	36,009	2,242	3,372	1,017,539	29.38	.....
1876.....	231	377,317	356,064	4,334	26,488	12,205	4,601	783,331	.....	59
1877.....	1,710	308,416	709,723	20,351	52,559	27,305	4,976	1,223,100	55.52	.....
1878.....	2,743	987,953	718,714	21,695	60,256	51,064	6,662	1,614,301	109.08	.....
1879.....	1,239	892,401	602,171	7,103	14,537	40,471	7,528	1,566,543	100.07	.....
1880.....	2,743	897,603	1,131,857	434	16,154	12,137	4,256	2,065,181	162.00	.....
1881.....	1,491	386,603	468,318	80	24,751	102	7,484	878,842	11.75	.....
1882.....	1,123	586,019	241,406	1,858	9,046	19,158	6,210	864,826	9.90	.....
1883.....	538	535,150	517,219	0,810	47,190	70,010	6,051	4,191,974	51.60	.....
1884.....	520	707,753	194,308	4,010	47,000	57,856	4,411	1,078,909	37.18	.....
1885.....	323	510,533	356,737	3,317	5,610	6,405	5,427	918,352	14.36	.....
1886.....	488	955,851	351,272	6,799	5,180	.....	4,001	1,353,591	72.11	.....

Supplement to Table E, showing the shipments at Oswego during the same period.

VEGETABLE FOOD.

Years.	Flour.	Wheat.	Corn.	Barley.	Oats.	Rye.	Other articles.	Total.	Increase.	Decrease.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Per ct.	Per ct.
1869.....	7,301	141,360	28,585	60,794	1,113	8,559	14,033	267,815	.....	.....
1870.....	11,440	115,732	10,120	77,906	3,953	7,402	11,628	216,181	.....	11.06
1871.....	10,043	123,173	70,218	72,675	1,800	6,250	13,259	297,424	11.05	.....
1872.....	4,773	57,805	27,148	62,172	684	6,751	10,425	169,818	.....	36.59
1873.....	4,061	53,361	10,578	46,337	670	0,019	10,739	131,765	.....	50.80
1874.....	.....	105,288	46,127	77,007	1,103	7,053	3,747	243,325	.....	9.14
1875.....	1,728	32,690	3,034	75,063	3,308	4,989	5,931	120,703	.....	52.67
1876.....	907	21,890	1,324	63,336	117	5,703	0,658	99,075	.....	62.67
1877.....	655	2,955	3,308	80,306	310	6,603	0,556	128,890	.....	52.61
1878.....	1,394	24,171	1,383	50,381	.....	10,598	5,222	94,149	.....	65.21
1879.....	734	25,740	0,268	71,693	.....	10,623	3,110	127,108	.....	52.51
1880.....	951	17,466	15,056	82,743	.....	12,598	5,996	135,410	.....	49.43
1881.....	758	25,352	8,009	62,793	200	14,444	4,027	115,638	.....	56.82
1882.....	813	20,274	4,401	70,802	416	22,265	7,773	126,804	.....	52.65
1883.....	432	22,634	535	32,557	.....	14,384	1,967	72,507	.....	73.00
1884.....	404	5,932	413	48,391	.....	12,173	2,819	70,132	.....	73.43
1885.....	510	0,484	22	45,264	.....	4,613	2,945	59,847	.....	77.62
1886.....	737	0,579	154	42,261	.....	1,671	4,814	50,216	.....	77.88

F.—Table showing the tonnage of the undermentioned articles cleared downwards on the Welland Canal, during a series of sixteen years ended December, 31, 1887.

Fiscal years.	VEGETABLE FOOD.							Total.
	Flour.	Wheat.	Corn.	Barley.	Oats.	Rye.	Other articles.	
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1869	44,110	310,090	119,541	3,920	690	1,541	479,882	
1872	26,648	231,056	254,534	2,093	7,594	64	524,889	
1873	30,000	845,720	180,042	2,643	1,188	3	568,813	
1874	24,017	406,157	181,128	377	5,853	3,301	520,833	
1875	13,930	246,555	103,477	813	3,383	500	374,963	
1876	15,735	194,559	144,501	1,110	24,400	1,454	384,807	
1877	13,583	248,894	160,195	10,210	2,810	2,463	1,833,448,931	
1878	8,854	188,106	185,931	1,217	3,088	.....	2,100,380,296
1879	10,588	271,645	144,276	803	1,196	.....	2,387,430,795
1880	12,467	240,601	162,891	477	.....	.....	1,418,417,853
1881	9,656	121,393	103,075	252	.....	6	1,371,285,752
1882	12,205	205,876	54,797	537	.....	1,054	225,275,594
1883	18,250	146,741	182,143	975	731	518	10,971,355,335	
1884	13,626	135,804	118,811	270	10,746	477	9,018,288,752	
1885	13,822	114,090	117,536	618	1,110	.....	1,628,248,310
1886	19,418	146,151	218,897	.....	4,801	.....	14,571,403,928

G.—Table showing the tonnage of the undermentioned articles passed through the Welland Canal in transit between ports in the United States during a series of sixteen years ended December 31, 1886.

Fiscal year.	VEGETABLE FOOD.							Total.
	Flour.	Wheat.	Corn.	Barley.	Oats.	Rye.	Other articles.	
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1869	30,681	211,085	91,140	2,942	.....	607	1,006	337,530
1872	10,482	124,695	89,761	1,391	7,400	.....	608	254,537
1873	10,505	127,727	101,320	1,920	1,188	.....	3	243,568
1874	8,230	229,053	125,027	.....	5,948	.....	.....	374,220
1875	1,881	114,832	54,188	2,641	2,946	.....	500	1,920,177,908
1876	5,187	90,247	58,138	.....	1,905	.....	525	403,162,405
1877	3,342	107,396	83,260	1,608	2,314	.....	258	413,180,588
1878	1,316	65,542	60,026	.....	850	.....	277	341,128,361
1879	159	53,701	33,401	.....	464	.....	.....	11,87,826
1880	.....	30,611	16,122	1,551	293	.....	.....	46,580
1881	.....	34,320	30,031	924	.....	.....	10	65,285
1882	107	30,227	32,433	537	.....	.....	684	14,64,002
1883	2,041	54,382	66,128	735	731	.....	8,579	132,496
1884	1,715	40,956	53,707	.....	9,874	.....	8,170	114,422
1885	124	53,235	69,229	732	882	.....	1	118,203
1886	7,591	53,258	94,048	.....	4,790	.....	13,201	172,888

HEAVY GOODS.

Fiscal year.	HEAVY GOODS.						Total.
	Railway iron.	Other iron.	Salt.	Coal.	Ores.		
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1869	68,064	14,334	89,086	28,506	35,912	235,962	
1872	24,040	13,239	49,843	95,741	59,401	242,264	
1873	4,659	13,826	40,507	170,242	62,942	292,176	
1874	5,742	8,941	22,868	263,873	19,651	260,886	
1875	14	4,123	12,941	192,767	34,618	244,451	
1876	.....	5,571	29,395	167,110	25,808	227,844
1877	8,076	8,688	8,328	172,808	41,107	238,975	
1878	.....	10,713	3,892	150,581	13,535	178,723
1879	2,405	3,618	6,318	118,573	17,797	148,741	
1880	4,743	3,515	371	65,945	18,380	92,954	
1881	1,313	5,570	.....	83,858	6,464	97,205
1882	4,076	.....	.....	158,552	14,533	177,161
1883	1,209	6,901	8	196,462	24,891	229,471	
1884	698	599	.....	210,790	15,100	227,187
1885	.....	1,504	.....	198,416	15,029	215,039
1886	156	5,328	1	183,964	11,384	206,813	

H.—Table showing the two ports water for a

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As regards removal of the Treaty vited to the and in the ment No. ject has al.

In artic engaged f citizens o in the Do Governm enjoy the the Unite to the sub navigati possessio of the U ments of use of th equality in favor Citizens a less fa by route I am r upon ver bond f the exer and the seem pr the Snao gation i gested, rather Jurisdi The o Wellan

II.—Table showing the tonnage of vegetable food carried on each of the lines of canals and the two principal routes competing for the carrying trade between Lake Erie and tide-water for a series of sixteen years ending 31st December, 1885.

Fiscal year.	Tonnage on New York canals.	Total on Welland canals.	Total on New York Canal and Erie Railways.	Quantity cleared at Buffalo and Tonawanda, by Erie Canal.	Quantity cleared at Oswego by canal.	Quantity cleared through the Welland Canal in transit between ports in the United States.
1869.....	1,302,613	503,860	1,087,800	786,436	267,815	337,530
1872.....	1,674,320	538,147	1,870,614	1,317,270	169,818	234,337
1873.....	1,748,171	570,890	2,034,102	1,432,174	131,765	243,306
1874.....	1,787,598	647,307	2,701,517	1,157,500	243,325	374,226
1875.....	1,305,550	417,136	2,348,241	1,017,550	121,703	177,008
1876.....	1,084,293	409,758	2,875,803	783,331	96,076	162,405
1877.....	1,408,084	484,181	2,432,053	1,223,100	126,809	180,580
1878.....	1,912,734	493,403	3,005,764	1,844,301	83,140	128,261
1879.....	1,833,590	438,564	4,353,017	1,505,543	127,168	87,820
1880.....	2,371,000	442,182	4,733,385	2,005,184	135,410	48,580
1881.....	1,116,561	209,365	4,083,722	878,842	115,638	05,285
1882.....	1,118,770	306,422	3,885,537	804,826	126,804	64,002
1883.....	1,379,000	372,323	4,422,401	1,191,974	72,507	132,406
1884.....	1,936,986	305,734	3,630,805	1,078,909	70,132	111,422
1885.....	1,063,310	273,905	4,105,594	918,352	50,847	215,039
1886.....	1,480,880	414,812	3,802,262	1,353,501	50,216	266,813

As regards the inquiry in the resolution, what steps have been taken to secure the removal of the discrimination against American ports "in violation of the spirit of the Treaty of Washington," I have to state that the attention of Congress was invited to the matter, both in the report of the Commissioner of Navigation for 1887 and in the report to Congress from this Department embodied in Executive Document No. 118, Fiftieth Congress, first session, House of Representatives. The subject has also been brought to the notice of the Secretary of State.

In article 27 of the Treaty of Washington, the Government of Her Britannic Majesty engaged 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 engaged that the subjects of Great Britain should enjoy the use of the St. Clair Flats Canal on terms of equality with the inhabitants of the United States, and further engaged to urge upon the State governments to secure to the subjects of Great Britain the use of the several State canals connected with the navigation of the lakes 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. Under the present system of discriminating in favor of shipments down the St. Lawrence and against shipment through the United States, the use of the canals are not secured to the citizens of the United States on terms of equality with the inhabitants of the Dominion, there being a discrimination virtually in favor of said inhabitants, and an infringement of the spirit, at least, of the treaty. Citizens of the United States using the canals and shipping over our territory, are on a less favorable footing than the inhabitants of Canada using the canals and shipping by routes running through their territory.

I am not advised that the Secretary of the Treasury has authority to impose tolls upon vessels passing through the Sault Ste. Marie or the St. Clair Flats Canal, and bound for Canadian ports, and understand that legislation would be necessary for the exercise of such authority. In view of the action of the Canadian government, and the construction which it appears to attach to the section cited above, it would seem proper for Congress to authorize the collection of tolls on vessels passing through the Sault Ste. Marie Canal to offset the discrimination aforesaid. And after investigation I have no doubt of the power of Congress to legislate accordingly. It is suggested, however, that the collection of the tolls be placed under the Secretary of War rather than of the Treasury, the former being already charged by law with certain jurisdiction over the property.

The carrying of grain, etc., by water, from places in the United States west of the Welland Canal to places in the United States east of said canal, is restricted to ves-

sels of the United States, and the difference in the rates, therefore, constitutes a direct discrimination against them.

It has been shown to this Department that the rebate on a cargo of 25,000 bushels of grain, exported via the St. Lawrence River, amounts to \$140; that is, the wheat can be exported via the river for that amount less, so far as the tolls in question are concerned, than it could be delivered at Oswego for exportation via the Oswego and Erie Canals. Few, if any, American vessels are engaged in carrying wheat for exportation via the St. Lawrence River.

Tolls might be imposed on all vessels carrying grain through both the Sault Ste. Marie Canal and the Welland Canal, and a rebate be allowed at American ports east of the Welland Canal.

The agreement in the treaty as to the use of the St. Clair Flats Canal by Canadian citizens on terms of equality with citizens of the United States, seems to have been absolute, while the agreement as to the use of the Welland Canal by citizens of the United States was conditional upon the adoption of the regulation by the Canadian government. If the British Government has carried out its agreement to urge upon the government of Canada to secure to United States citizens the use of the Welland and of the other Canadian canals on terms of equality with Canadian inhabitants, it would seem that its efforts have met with small success.

As the matter stands there is a material discrimination by the existing Canadian regulations against American ports, American vessels, and American railroads and canals in the matter of the shipment of grain and other merchandise through the Welland Canal for exportation.

Respectfully, yours,

C. B. MORTON,
Commissioner.

The honorable the SECRETARY OF THE TREASURY.

CUSTOM-HOUSE, COLLECTOR'S OFFICE,
DETROIT, MICH., June 18, 1888.

SIR: I have the honor to acknowledge the receipt of Department letter dated (T. B. S., 4732 a) the 13th instant, inclosing copy of a resolution of the House of Representatives in relation to alleged discrimination on the part of the Canadian government in tolls against American vessels passing through the Welland and other canals, and in reply thereto I have to state that inquiries made of prominent ship-owners and agents here fail to elicit any proof that there is any discrimination made against American vessels *per se*, but that there is a discrimination against the ports of the United States in the matter of grain cargoes all agree. United States vessels carrying grain from ports west of Welland Canal to American ports east thereof, pay a charge of 20 cents per ton on the grain, while no charge of this kind is made if the grain is consigned to Kingston or other Canadian ports.

The fact that our coasting laws forbid the carrying by foreign vessels of domestic merchandise between American ports and thus limits this trade to American vessels, makes this grain charge a practical discrimination against our vessels, and the levying of this charge it seems to me is a violation of the spirit of the treaty stipulation.

If it is not a violation of the letter or spirit, then our Government has the clear right to impose like charges on grain destined for Canadian ports, from Lake Superior, through the Sault Ste. Marie Canal, and from Lakes Michigan and Huron, through the St. Clair Flats Canal. This course would tend to favor our water routes, or at least place them on a par with the water routes of Canada, as regards grain shipped from all the lake ports of the United States except Detroit, Toledo, and ports on Lake Erie.

Very respectfully,

DANIEL J. CAMPAN,
Collector.

Hon. C. B. MORTON,
Commissioner of Navigation, Washington, D. C.

