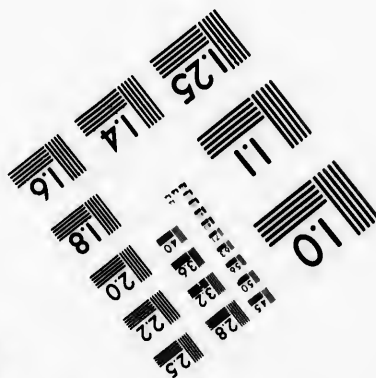
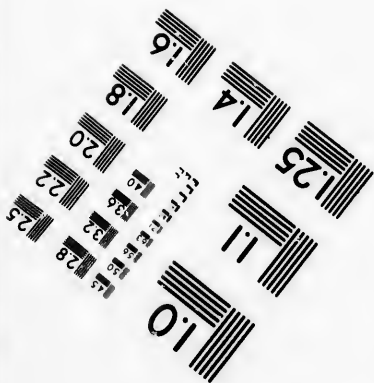
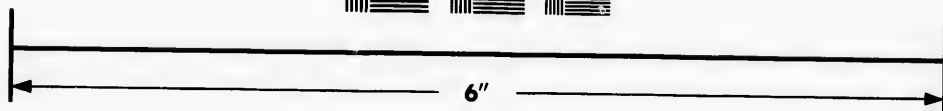
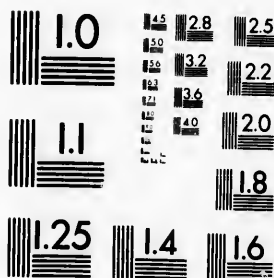


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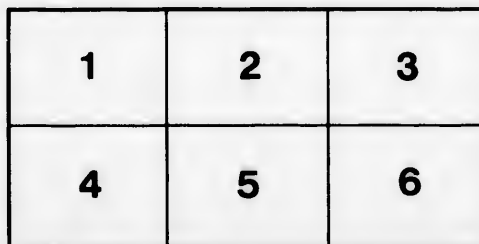
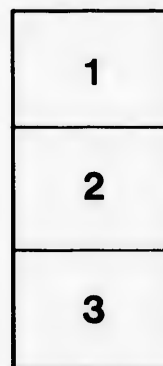
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SMUGGLING

FROM

ST. PIERRE-MIQUELON.

St. PIERRE, July, 1894.

On arriving at St. Pierre, I proceeded to make enquiries respecting the smuggling of liquor from these islands, which belong to France, and venture to think I have at last got to the bottom of the business.

To begin with, it is only fair to relieve the French officials of all responsibility for the contabrand traffic with Canada. The St. Pierre-Miquelon Islands are now treated by France in tariff matters precisely as if they were a department of France. Their exports of fish receive bounties from the French treasury, and are admitted into France free of duty, whilst they, in turn, have to give free customs entry to all goods from France and the other French colonies. Liquors from France are as free as any other French goods. Their price at St. Pierre is lower than in France itself, because they are not struck with the heavy excise and special taxes levied in France. In France the duties on imported spirits, under the tariff of 1892 now in force, amount to 156 francs, 25 centimes per hectolitre of pure alcohol, that is, to about \$1.37 Canadian currency per imperial gallon of pure alcohol. Down to January, 1893, the tariff on liquors and other goods in the St. Pierre-Miquelon Islands was a very low one. In January, 1893, the French tariff of 1892 was applied to these islands as well as to other colonies of France. The committee of the Chamber of Deputies appointed to report on the French tariff, said :—

"It is asked, on all sides, that our colonies, which are so closely attached by sympathy to the mother country, should be considered as French provinces, and treated as such from an economic point of view, and consequently that they should have the same tariff as France. Foreign products should be foreign products in our colonies as they are here in France, and should be subject to the same duties. Our colonies ought to offer to French products more and more extensive markets, otherwise the colonial policy will stand condemned.

It was resolved, however, to make some modifications in the tariff in behalf of the colonies. The Council-General of St. Pierre-Miquelon forwarded recommendations, most of which were adopted in whole or in part by the French authorities. Amongst other modifications the customs duty on foreign alcohol, rum, whiskey and gin was reduced to 31 francs, 60 centimes per hectolitre, that is, to about 27 cents per imperial gallon, up to 89 degrees, 100 degrees representing pure alcohol. All French alcohol, spirits and wines are free. But both French and

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foreign liquors have to pay what is called the *droit d'octroi de mer*, a tax levied for the benefit of the municipalities in the islands, and another impost known as the *taxe de consommation*, or consumption tax. These two taxes amount on spirits to 4 francs and 20 francs respectively, per hectolitre, or both together \$4 60 for every 22 imperial gallons—a fraction over 20 cents per gallon. In France the consumption tax is not levied on liquors which are to be exported, at St. Pierre it is. It will be seen, then, that while spirits from France up to within 11 per cent. of absolutely pure alcohol pay 20 cents per imperial gallon, foreign spirits, such as American corn whiskey, have to pay, under the new dispensation, 47 cents. Rotterdam spirit and Rotterdam gin are usually imported direct, paying the 47 cents. It should be noted that those who purchase liquor at St. Pierre for the purpose of shipping it clandestinely to Canada, obtain a considerable premium on their money. At the present moment the local bank at St. Pierre gives 5 francs 40 centimes for a Canadian or American dollar bill; in other words, \$100 Canadian is worth not 500 but 540 francs.

If it be asked why the French Government permits these islands to procure liquor so cheaply, the answer is, that the policy of treating them in tariff legislation as if they were a province or department of France necessarily renders all liquors from France as cheap as, or cheaper than, in the mother country; whilst as regards foreign liquors, it is advisable to make them cheap in order to attract to St. Pierre the inhabitants of the south coast of Newfoundland as well as the Canadian, American and Newfoundland fishermen who frequent the Banks.

The French fishermen could not get along without cheap French liquor. It is an important part of their subsistence. Each man gets a pint or a pint and a half of brandy in the twenty-four hours, with a quart or more of claret, which has been well fortified with alcohol. Under the excise law of France, wines destined for the colonies, or for foreign countries, may at the shipping port receive an addition of spirit over and above the maximum allowed for wine intended for home consumption, without paying any tax, provided the mixing is done in the presence of the revenue officers. The French fishermen do not drink foreign liquor on board ship, and seldom ashore. On the ship they get brandy and claret, the brandy being usually colored French alcohol reduced. When they land at St. Pierre to procure bait and supplies, or unload their catch, they sit in the *cafés* and drink brandy, absinthe and Vermouth. In St. Pierre town, there are probably not fewer than a hundred places where liquor is sold, yet there is extremely little drunkenness. The *cafés* remain open, some until 10 at night, some until 11, and all day Sunday. With regard to foreign liquors, gin, rum, American alcohol, and the like, they are consumed, as has been said, principally by the English-speaking fishermen and sailors from Canada, Newfoundland, and the United States. French brandy, *i. e.*, colored French alcohol, is also a favorite beverage with these men. They get a liberal allowance of grog when on the Banks, though on some of the American schooners engaged in the halibut and herring fisheries, no liquor is kept. The French fishing captains are prohibited from selling liquor to their crews over and above the allowance furnished to the men gratis from the ship's stores.

The St. Pierre officials freely admit that immense quantities of liquors, French and foreign, are smuggled into Canada and Newfoundland, but say with truth that they are in no way responsible. Liquor is cheap for the reasons just set forth, and they are not to blame because Canadians, Americans, or Newfoundlanders conspire to ship it without paying duty to their respective countries; the responsibility rests, if anywhere, upon the Governments of those countries. It is estimated that the quantity exported annually for smuggling into Canada is about

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200,000 potable gallons. This includes claret and Malaga as well as spirits; it also includes the alcohol transhipped from American to Canadian vessels outside the harbor of St. Pierre, a process that will be described by and by, though nothing better than a very rough guess can be made of the quantity in this case. There has always been an active smuggling trade with Newfoundland, probably to the extent of fifteen or twenty thousand gallons a year. On what is known as the French shore of Newfoundland, extending from Cape St. John on the east coast up to Belle Isle, and down the west coast to Cape Ray, and forming a exclusive fishing rights and something like territorial jurisdiction. Goods landed from French bottoms do not pay the Newfoundland customs duty. The French Government is encouraging the resident fishermen of St. Pierre to settle on that shore, apparently with the view of strengthening its foothold. A number of fishing vessels from France arrive at the shore every spring and return in the fall. The salmon and lobster fisheries are being developed, the cod being about played out; there is also an extensive bait fishery. I have been unable to obtain any information touching the quantity of French liquors shipped to Canada illicitly from the French shore of Newfoundland, but a traffic has been established, with its headquarters at St. George's Bay, and is likely to grow as the French multiply their settlements.

The spirits smuggled to Canada from St. Pierre are principally American alcohol, gin, and Scotch whiskey in bottles, French brandy of a cheap grade, and Cognac of a better grade, along with cigars, cigarettes and tobacco. In France, the Government has a monopoly of the tobacco business, both in manufacturing and selling, and the exports to St. Pierre are retailed at a low figure. The quantity of Scotch whiskey sent to Canada is small, and is consumed mostly in Cape Breton. The other spirits find their way to Cape Breton, the New Brunswick coast, and the Province of Quebec. Occasionally shipments of rum are made. The wholesale prices at St. Pierre, with the customs and other taxes paid, run about as follows per imperial gallon:—

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| French alcohol, 89 degrees or over | 45 cents. |
| Rotterdam gin | 75 " |
| Cognac (so-called)..... | 72 " |

The American alcohol transhipped outside the harbor costs from 25 to 30 cents at Boston. The export bonus paid by the Whiskey Trust reduces the price to 20 cents or thereabouts. The cost of sending it to St. Pierre is not very great. Altogether, when brought outside St. Pierre and transferred in dories to Canadian schooners, the cost to the shipper, allowing for the export bonus, will not exceed 25 or 26 cents. It is from 20 to 40 and 45 over-proof. The French alcohol imported into St. Pierre is said to have deteriorated in quality of late years. In 1875, the French Assembly passed a law allowing farmers and fruit-growers to distil alcohol on their own premises. Distillation from wine has since fallen off, and distillation from potatoes, beets, mowra-flowers, and the lees and dregs of the beet, wine and cider presses enormously increased. Nevertheless the French alcohol is said to be of a better quality than the American. Claret reaches St. Pierre in *futs* or *barriques* of 60 gallons. It is a fairly good article, and so cheap that no one thinks of drinking water. When shipped to Quebec it is usually fortified with alcohol, for the merchants say the French Canadians want something that will "bite." The Scotch whiskey is imported in bond from Halifax, and retails at 60 or 70 cents a bottle. The Demerara rum comes in bond from Boston. A good deal of Cognac of a tolerable quality is smuggled to Canada, the brands mostly of Frappin, Malifaud, Mainfonds, Aubeville and Pereuil. The wholesale price laid

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down at St. Pierre runs from 75 to 170 francs per hectolitre. It is known in Quebec as three and four star brandy, but much concocted liquor passes under those marks. The French alcohol is technically known as Trois-Six; one gallon makes two potable gallons. When smuggled to Canada it is colored by the smugglers or their agents in the Province of Quebec, and palmed off as first-class Cognac in Cognac bottles.

The trade in spirits between St. Pierre and Newfoundland is also a large one. Hundreds of small craft from the coasts of Placentia and Fortune Bay visit St. Pierre to sell bait (the prohibitory Bait Act has been suspended), hay, vegetables, spruce poles, firewood, etc. Prior to January, 1893, the Newfoundlanders purchased almost all the goods they consumed at St. Pierre with the money received for their cargoes. Down to that time the St. Pierre tariff on Canadian, American and other foreign merchandise was only four per cent., so that it was a cheap place to buy in. But now the duties on foreign goods are excessively high. French goods are admitted free, but the Newfoundlanders want Canadian and American wares, such as heavy boots and coarse clothing, and find it cheaper to buy them at Harbour Grace or St. John's than at St. Pierre. But they still purchase their liquor at St. Pierre, and convey it to the Newfoundland coast without paying the Newfoundland customs duty. Newfoundland vessels bound for Cape Breton and other Canadian ports are in the habit of calling at St. Pierre, and shipping spirits and tobacco, to be smuggled. A few days ago the *Maggie Blanche*, a Newfoundland schooner, was seized for this offence at North Sydney, C.B., by Special Officer Phoran, but for one seizure there are probably fifty successful ventures.

In discussing the subject of smuggling with the French officials here, they state the case in this manner: "It would be absurd for Canada to expect France to make a radical change in her political and commercial relations with these islands, merely that Canada might be relieved from the loss entailed by a smuggling industry carried on by Canadians and Americans. So long as the islands remain in possession of France, and the present tariff exists, so long must we admit French liquors and all other French commodities free; so, too, must we continue to tax foreign liquors lightly in order to maintain our trade with our neighbors in Newfoundland. This state of things is necessary to the existence and prosperity of this French colony, and we cannot help it if bad men from Canada take advantage of our cheap liquors to swindle the revenue of Canada, and rob her distillers. That is the affair of the Canadian Administration. We are quite willing, however, to do what we can to put a stop to that branch of the smuggling industry which consists in shipping American alcohol in bond from Boston ostensibly to St. Pierre, and transshipping it before it reaches land into Canadian vessels that carry it to Cape Breton or up the Gulf of St. Lawrence. In fact we are enforcing our laws against that traffic as stringently as we can."

Before the new duties came into force the alcohol manufactured in Illinois and Minnesota and shipped from Boston was landed on the wharf at St. Pierre, paying the low customs tariff and the *octroi de mer*; it was then stored by the consignees and put on board vessels going to Canada as the opportunity arose. There is not now and there never was a bonding system at St. Pierre. All goods landed have to pay duty even though they be destined for a foreign port. The reason why bonding is not permitted is briefly this: The St. Pierre people regard the south shore of Newfoundland as their particular commercial preserve. The trade done with it forms the best portion of their foreign trade, and they do not believe in affording facilities to their Canadian and American competitors. If bonding were allowed at St. Pierre, Halifax and Boston firms dealing with St.

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Pierre would naturally take advantage of it to augment their business with Newfoundland. There is another objection to bonding. Ever since 1816, when the St. Pierre-Miquelon islands passed into the permanent possession of France, France has given bounties to the fishermen frequenting the Banks and making St. Pierre their headquarters. Of late, bounties have also been given to the local or inshore fishermen of St. Pierre. The bounty on dry cod sold anywhere on this side the Atlantic is a cent and a half per pound. There is also a good bounty on the green cod shipped to France and dried there. If bonding were permitted, it is thought that frauds would be perpetrated on the French treasury through mixing fish caught by foreigners with the French catch.

Vessels entering the *rade* (roadstead) of St. Pierre or the *barachois*, the harbor proper fronting the La Roncière wharf, are not allowed to tranship goods from one to the other. Such transshipment is deemed tantamount to landing the goods, and duty is collected. Outside the harbor and roadstead, transshipment can be carried on to any extent, since under international law the jurisdiction of France ceases three miles from shore, where the open ocean is supposed to begin. Since the new tariff was established, all or nearly all the American alcohol has been transhipped outside to evade payment of the higher duty; some of it is transhipped to Canadian vessels on the edge of the Banks as far as thirty or forty miles from St. Pierre. I had a chance of observing the alertness displayed by the French customs officers in guarding against transshipment within the harbor and roadstead. They are hostile to the traffic and against giving the slightest facility to the American and Canadian operators. But of course they have nothing to say to a cargo which is landed and stored after paying duty, and subsequently shipped to Canada. That is a perfectly lawful transaction.

It will be understood that St. Pierre is the only harbor in the three islands. There are numerous coves and inlets but they are too shallow and rocky to permit the entrance of schooners. On Langlade island, also called the Little Miquelon, there are landing places for small boats at one or two points, notably at Belle Rivière, but it would be quite impossible to run alcohol ashore, for outposts of the *gendarmérie* are stationed there, and, what is more, there are no inhabitants worth speaking of except the light-house keepers. The resident population of St. Pierre and Dog Island, which forms the eastern side of the harbor and roadstead, is 5,703, that of the Little Miquelon and the Great Miquelon 540. All liquor landed must therefore be landed at St. Pierre. The outside customs service consists of five officers, who are aided by five harbor police and also by the *gendarmérie*, whose barrack stands at the north end of the principal wharf and in full view of the harbor.

The traffic in American alcohol began a long time ago and grew to its present proportions, under the eye of Mr. Charles Frecker, commercial agent of the United States for about thirty years. Mr. Frecker, who died two or three years ago, was a well-to-do merchant, dealing, like other St. Pierre merchants, in all kinds of articles—liquor, clothing, provisions, hardware, etc. His son-in-law, Mr. George J. Steer, and his son carry on the business under the old name of Frecker & Steer. Mr. Steer succeeded Mr. Frecker as commercial agent of the United States. It is hardly necessary to point out that a commercial agent of the Washington Government, himself engaged in the liquor trade, has a decided advantage over everybody else in handling the spirits shipped in bond from Boston and destined for surreptitious delivery in Canada. The United States law with respect to shipments in bond is briefly as follows:—The shipper gives a bond to the collector of customs that the goods shall be landed out of the jurisdiction of the United States. This bond is cancelled on the production of a certificate from the foreign consignee that

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the goods have been received by him, accompanied by a certificate from the United States consul or commercial agent at the port of landing, setting forth that the statements in the consignee's certificate are "to his knowledge true or deserving of faith and credit." In addition, the master of the vessel has to make oath before the consul or commercial agent as to the correctness of both certificates. The consul or agent gets twenty-five cents for administering the oath and a dollar for each certificate. Before 1893, when the St. Pierre tariff on liquors was scarcely more than nominal, any one in St. Pierre could take a hand in the business of importing American alcohol for shipment to Canada or Newfoundland. The duty was paid on the arrival of the alcohol from Boston, and the bond given to the Boston collector cancelled by means of the certificates called for by the United States law. Mr. Charles Frecker had no particular advantage over others, except that he had no consular fees to pay on his own importations. But so far as I can learn, only one St. Pierre firm, other than Mr. Frecker's, embarked in the traffic. It is different now, when most of the alcohol is not landed at all, but transhipped outside the harbor to vessels bound for Canada. Mr. Steer would in all likelihood refuse to issue a certificate to a competitor on the ground that the alcohol had not been landed or delivered *bona fide*, and that, in any event, he had no means of ascertaining that the consignee's statements were "true or deserving of full faith and credit." Anyhow, Mr. Steer has now a monopoly of the business. He issues his certificate for the alcohol consigned to him, or to others acting in his behalf, although he knows nothing of the state of things at the point of transshipment miles away; in fact, for all he can tell, the alcohol may have been transferred to an American vessel and smuggled back to the United States. There is little doubt that this is sometimes done. The issuing of a consular certificate under the circumstances described appears to be a clear violation of sections 3044 and 3045 of the Revised Statutes of the United States.

The French officials are bitterly opposed to this traffic, first, because it is dishonest in itself, and, secondly, because they conclude that men who will break American law and cheat the Canadian revenue, will just as readily break the law and cheat the revenue of the colony of St. Pierre-Miquelon by smuggling goods into it from the United States or Canada. The new tariff of the islands makes it worth while for such persons to run the risk of landing articles like boots and shoes, cottons, oil-skin coats, small hardware, etc. There has been a tremendous falling off in imports under the new tariff. The average value of imports from 1885 to 1890, was 13 million francs per annum, whereas in 1893, the new tariff having been promulgated on January 11, the value was only 6,179,000 francs. Live animals, fresh meat, cordwood and fresh vegetables, are admitted free as before, and under other modifications of the French tariff, which otherwise is in full blast, low duties are levied on flour and salt meats; but those on manufactures are in all cases exceedingly heavy and in some prohibitory, so that the purchase of Canadian and American wares has almost ceased, and buyers are thrown back upon the French factories. There is considerable discontent over the rise in prices, and smugglers, if they could escape detection, would make money.

The French officials declare that Canadian-made whiskey shipped in bond from Canadian ports is occasionally found on French vessels, and more often on vessels going to Newfoundland, and that in some instances it is "rushed back" into Canada and sold without paying duty; and so with Canadian tobacco. It is not their business to look after such matters, and their information on the subject is not very complete. It will be seen, however, by reference to the reports of the commanders of the Canadian cruisers in past years that there is or has been ground for making this charge. The commanders more than once state

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that the bonds given on exportation from Canada were cancelled by certificates issued at St. Pierre, and the cargoes then carried back to Canada and sold illicitly. Section 104, of the Dominion Customs Act, reads as follows :

"If within the period appointed by the said bond there is produced to the proper collector or officer of customs, the written certificate of some principal officer of customs or colonial revenue at the place to which the goods were exported, or, if such place is a foreign country, of any British or foreign consul or vice-consul resident there, stating that the goods were actually landed and left at some place, naming it, out of Canada, as provided by the said bond, such bond shall be cancelled."

It is said by old residents of St. Pierre that Mr. Charles Frecker was in the habit of issuing certificates, as consular officer of the United States, to cancel the bonds given to Canadians who had shipped liquor or tobacco ostensibly to St. Pierre, although the cargo, as he well knew, was not landed, but retained in the vessel, and subsequently conveyed back to Canada. Some have told me that Mr. Frecker actually signed certificates in blank which were distributed amongst Canadian smugglers and filled in by them as occasion required. It is also stated that Mr. Steer is always ready to issue a certificate, for the fee, to Canadians engaged in these frauds even when the cargo is distributed amongst Canadian schooners a long way from St. Pierre; but upon this point I found it impossible to obtain any really trustworthy information. There is no doubt, however, that, as the French officials say, Canadian whiskey, which has not paid the inland revenue tax, is floating about the Banks, the Magdalen Islands, and the north coast of Cape Breton. Last year a Cape Breton schooner entered the roadstead at St. Pierre in a leaky condition and asked leave to unload a portion of her cargo. She was bound for Placentia, and thence to the Magdalen Islands, and had 485 dozen bottles of whiskey, believed to be Canadian contraband, on board. She was told that duty would have to be paid on the whiskey, and, after making repairs, sailed off without discharging cargo.

It is the general opinion that when the old four per cent. tariff was in force at St. Pierre, the smugglers did a considerable business in conveying certain manufactured articles to Canada. Nearly all the manufactured goods sold to the fishermen from the south coast of Newfoundland were carried thither without paying duty, but this trade resulted, in many instances, in loss to the St. Pierre merchant. If the Newfoundland fisherman chose to refuse to pay in cash or fish for the goods it was useless for the St. Pierre dealer to attempt to collect the account in the Newfoundland courts, for they held that as the goods had been smuggled the Crown had the first lien on the fisherman's sole effects, namely, his boat and tackle. At present, as has been said, the prices of the goods required by fishermen are higher at St. Pierre than in Newfoundland. But French-made articles, entering free, such as kid gloves, kid boots, and the like, are much cheaper than similar articles in Canada or the United States, and it is easy to believe that they are smuggled into those countries, along with dressed furs (smuggled into St. Pierre from Newfoundland), drugs, perfumes, cigars and cigarettes. A leading St. Pierre merchant told me that whenever he started on a trip to Boston he put two or three dressed silver fox or sea otter skins in his valise and paid his expenses by selling them. A silver fox skin is worth \$75, and the smuggler makes \$15 on each by evading the United States duty of 20 per cent.

The facilities for smuggling liquor could not well be surpassed. All the merchants at St. Pierre keep a large stock, Frecker & Steer perhaps the largest. Every month or so, a tramp steamer or other vessel arrives from France with liquor and goods, and cargoes are brought in by the vessels known as *longs-courriers*, which return laden with fish, fish oil and cod roes. In 1893, 106 *longs-*

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courriers entered the port, their aggregate tonnage being 18,500. The number of vessels engaged last year in the Shore and Bank fisheries, including those which came from France in the spring and returned in the fall, was 836, the crews numbering 7,200 men and boys. It takes an immense lot of liquor to supply these vessels and the population of the islands. A good deal of French liquor, however, does not reach St. Pierre at all, but is distributed at the Banks. The liquor from France actually landed at St. Pierre in 1893, was valued by the officials (*Annuaire*, p. 42) at 622,000 francs say, \$120,000. No figures are given respecting the value of the gin brought in French bottoms from Holland, of the rum from the French West Indies and Demerara, of the Scotch and other whiskey from Halifax in bond, or of the American alcohol landed. It should be remembered in connection with the figures of the imports from France that the cost of liquor is exceptionally low, and that the alcohol is mostly Trois-Six—3 6 as they write it—each gallon being equivalent to two potable gallons. This is true in a measure of all or nearly all the foreign liquor. The gin, for instance, comes in casks, and after being reduced is put into De Kuyper or Blankenheym bottles, though some is *bona fide* gin bottled at Rotterdam and Schiedan. The officials are unable, of course, to furnish figures concerning the American alcohol transhipped outside St. Pierre. As stated above, their estimate is that the quantity of stuff of all kinds smuggled into Canada reaches 200,000 potable gallons a year. One officer places it as high as 350,000 or 400,000 gallons. He tells me that French liquors being admitted free at the customs, and being subject only to the *octroi de mer* and consumption tax, there is no object in making a very strict valuation, and the real value of the imports is far greater than the value set upon them in the books; also that the quantity of American alcohol transhipped outside, at the Banks and off the Cape Breton coast, cannot be less than 150,000 potable gallons when reduced. These conflicting estimates are given for what they may be worth.

There is no dispute about the quality of most of the alcohol smuggled into Canada. The French have a new method of testing quality. On a part of crystallised nitrate is dissolved in ten parts of distilled water, and rendered clear by the addition of a trace of nitric acid, and allowed to settle over some metallic mercury. When three drops of this solution are added to 3 cc. (about 50 m.) of corn spirit of high strength, a milky mixture with a yellowish white tinge results upon agitation, if the spirit be reasonably free from acetic and other ethers, and after standing for a few hours the spirit lets fall a pale yellow precipitate and the upper liquid is as clear and bright as pure alcohol. On the other hand, if the spirit is rank with ethers and fusil oil, the precipitate is small and pure white in color while the liquid becomes bluish white.

This test shows that the American alcohol is full of ethers, and the presence of sulphuric acid is disclosed by applying organic acids to the precipitate. The potato spirit from which gin is made is nearly as bad. When rendered potable the American alcohol has the taste of ashes. The French fishermen will not drink it if they can get anything else, and marvel at the fondness of French Canadians for it.

Two steamers ply between St. Pierre and Canada. One, the *St. Pierre*, Capt. Angrove, used to be the mail boat. She was owned in Halifax. Last fall, Mr. Theo. Clement and Mr. J. Cecconi, leading merchants on the islands, placed the *Pro Patria*, Capt. Denis, on the route as a French bottom, and obtained a subsidy of \$13,500 a year from the French treasury for carrying the mails once a fortnight between St. Pierre and Sydney, C.B., where connection is made with the Intercolonial Railway. Capt. Angrove's vessel now devotes herself to carrying passengers and freight from Halifax and the Bras d'Or ports of Baddeck and

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North Sydney to St. Pierre and the small ports on the south shore of Newfoundland; whilst the *Pro Patria* goes from St. Pierre to Cape Breton ports and Halifax, and on every second trip to Boston. The agent at Boston is Mr. Bailly-Blanchard, a Louisiana Frenchman, who is also New England agent of the French line of Atlantic steamers. Neither the *Pro Patria* nor the *St. Pierre* has any connection with the smugglers. The Boston trade done by the former is controlled to a great extent by De Long & Seamans of Boston, and by Outerbridge & Co. of New York, both reputable firms. The American alcohol transhipped outside St. Pierre is carried there by trading schooners, which unload the rest of their cargo, if they have any, within the harbor, or go on to Newfoundland. The exports from the United States to the islands in 1892 amounted in value to \$360,000, and embraced coal, lumber, Indian corn and corn meal, flour, lard, pork, meats and alcohol. These are the latest returns at hand. The Canadian vessels from Cape Breton, Prince Edward Island, and the Province of Quebec, bring in live cattle, poultry, lumber, potatoes, hay, shooks and staves, and soft coal from Sydney. It is on these vessels that most of the American and French liquor is shipped. When they get near the Canadian coast they usually transfer the liquor to smaller craft, to the luggers of 20 or 30 tons which fish a little and trade a little between the north and south shores of the St. Lawrence, and to similar boats in the Baie des Chaleurs. Newfoundland vessels trading with Cape Breton also carry liquor obtained at or outside St. Pierre. It is probably not rash to assert that considerable quantities are stowed away at North and South Sydney by the crews of the large steamers which carry coal from those two places to Montreal, though the officers of the steamers are doubtless unaware of it.

It would be impossible for the Government to prevent the landing of smuggled liquor on the Cape Breton coasts. There are scores of inlets where it can be landed that are seldom, if ever, visited by customs officers. The thick fogs which hang over those shores for days and nights together favor the traffic. The Scott Act is in force at the two Sydneys, but, according to all accounts, and I made enquiry at both places, grog shops exist and supply themselves almost exclusively with smuggled liquor. At Kelly's Cove, a coaling point, Baddeck and St. Peter's, things are not so bad, nevertheless the crew of the *Pro Patria*, on which I was a passenger, had no difficulty in getting all the drink they wanted, despite the prohibitory law. The northern peninsula of Cape Breton is said to be a favorite resort of smugglers. I was told at St. Pierre of a vessel which in the first week of June landed 150 barrels at Aspy Bay, St. Lawrence Bay, and Margaree River. Taking them all round, the customs officers in Cape Breton appear to be rather a poor lot.

I am not in a position to speak of the extent of the smuggling industry on the Magdalen Islands or along the shores of New Brunswick and Prince Edward Island, not having visited those parts. But along the St. Lawrence the traffic is quite brisk. At Bic, 15 miles west of Father Point, there is a temperance hotel kept by Michel Pineault. It is a few yards from the Intercolonial station. The sign over the door reads, "Canada Temperance Hotel." Yet Mr. Pineault has a wholesale license. He expects to get a tavern license but does not particularly care for one, as he retails freely enough under his wholesale license. His storehouse, recently erected, stands in the front yard and is well stocked with Cognac, gin, "white whiskey" made from American alcohol, claret, Malaga, cigarettes and tobacco, with a barrel or two of Boswell's Quebec ale. I happened to be there on a Sunday, and, while the people were at church, Mr. Pineault loaded some of their rigs with bottles of white whiskey and brandy. The owners had seen him before going to church and given their orders. The next day there was a meeting of the County Council, and the process was repeated. The Cognac, which was in cases,

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had been smuggled from St. Pierre; one of the covers bore the mark of the St. Pierre customs official. The tobacco, cigarettes and gin had also come from St. Pierre. The harbor at Bic is landlocked and can be entered only at high water. When the tide is in, small vessels run up to the long wharf and beyond, within a short distance of the road which passes the mill at the east end of the village and leads to the hotel. One night Mr. Pineault and friends made several trips with a hay cart to the harbor, and returned with barrels of alcohol and cases of Cognac. They spent the rest of the night and a portion of the morning in "fixing" the alcohol and putting it into bottles. Everyone about the place knew they had been smuggling; they themselves made no secret of it. The stuff had been brought by a small trading boat from Sault au Cochon on the north shore, 30 odd miles from Bic. I have described Mr. Pineault's operations at length in order to show how the business is managed once the contraband liquor reaches Canada.

The same sort of thing is going on, to a greater or less extent, all along the south shore from Gaspé up to the city of Quebec. On the north shore, with its smaller population, the traffic is not so lucrative. On the inhabited islands in the St. Lawrence, smuggled alcohol and Cognac are more abundant than whiskey that has paid the inland revenue tax. The Isle of Orleans and Isle aux Coudres are notorious smuggling haunts. I was on the Isle of Orleans in the early spring, and in a farm house found ten or a dozen men drinking American alcohol. One old fellow half filled his tumbler and after swallowing the liquid set down the glass with the remark, *Cu gratte mais c'est du bon*, "That scratches, still it's fine!" It must have scratched considerably for it was alcohol 30 overproof, smuggled in by the Blouins, a famous smuggling family belonging to the island.

The impression prevails at St. Pierre-Miquelon, and at such points in Canada as St. Flavie, Bic, and Trois Pistoles, that much more contraband liquor reaches the City of Quebec than the customs and inland revenue officers there imagine. There is certainly an enormous quantity of gin and Cognac in the retail stores in Quebec, particularly in the stores in St. Roch's and St. Sauveur. Some of it may or may not have been smuggled.

Having now given the results of my enquiry in as brief a form as the subject admits of, I proceed to state my conclusions as to the best means of diminishing the contraband trade.

First of all: it is obvious that liquor of all kinds will always be cheaper at St. Pierre than in Canada and the United States. Cheap liquor is a necessity of the situation there, and as a consequence there will always be a profitable field for the smuggler in French spirits, gin, claret and tobacco. All that can be done by the Dominion Government towards checking that branch of the traffic is to appoint more efficient custom officers and place another cruiser or two on patrol duty. The inland revenue officers are usually capable men, but the customs officers in Cape Breton and the more exposed parts of Quebec are not. Additional special officers should be employed. There is reason to believe that when the smugglers find a cruiser in their way, and the cruisers are easily discovered owing to their use of Nova Scotia coal which emits an intensely black smoke, and by other means—they load an old broken-down vessel with a few barrels and send her out to be caught and carried to Quebec as a prize. The cruiser having gone away on this errand, they seize the opportunity to land the rest of their cargo or to distribute it amongst the small trading craft which run in and out of every little harbor. This and kindred practices can only be stopped, if at all, by the activity of special officers on shore. More attention should be paid by customs officers to Newfoundland vessels landing in Canada or hovering off the coast. All

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

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

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

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

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

