

1240. The following is a statement of the revenue received by the Government from the canals since Confederation :—

| Years ended 30th June. | § | Years ended 30th June. | § |
|------------------------|---------|------------------------|---------|
| 1868..... | 403,879 | 1882..... | 325,232 |
| 1869..... | 400,263 | 1883..... | 361,604 |
| 1870..... | 414,687 | 1884..... | 372,562 |
| 1871..... | 488,539 | 1885..... | 321,289 |
| 1872..... | 466,847 | 1886..... | 328,978 |
| 1873..... | 486,433 | 1887..... | 321,785 |
| 1874..... | 510,756 | 1888..... | 317,902 |
| 1875..... | 410,980 | 1889..... | 333,189 |
| 1876..... | 390,337 | 1890..... | 354,816 |
| 1877..... | 390,857 | 1891..... | 349,432 |
| 1878..... | 373,814 | 1892..... | 321,475 |
| 1879..... | 337,675 | 1893..... | 357,090 |
| 1880..... | 341,598 | 1894..... | 387,789 |
| 1881..... | 361,558 | | |

1241. The geographical position of Canada renders it advisable, in the interest of trade and commerce, for the United States and for Canada to give one another the fullest facilities for the transfer by rail of their goods and products.

The Provinces of Ontario, Quebec (in part) and Manitoba find their advantage in having an arrangement by which their exports and imports may be brought into and sent out of Canada via the United States.

The several provinces of Canada are brought into close commercial relations by means of the three great railway systems—the Intercolonial, the Grand Trunk and the Canadian Pacific. Before the first and third of these systems were completed a large portion of the interprovincial trade was carried through the United States. These outside channels of trade are still used, being convenient, and, to a considerable degree, competitive routes.

The United States people find it to their advantage to utilize Canadian routes both for the purposes of trade with Europe on the east, China and Japan on the west, and with Australia, and for interstate carrying trade.

In these circumstances we have, 1st, the traffic between Canada and countries other than the United States via United States territory, and that between the United States and countries other than Canada via Canadian territory.

2nd. (a) That between Canadian ports or places and Canadian seaports through United States territory, and (b) that between United States ports or places and United States seaports through Canadian territory.

1242. The first kind of transit trade—that mentioned in paragraph 1008—is secured to the traders of the two countries by Article XXIX, of the Treaty of Washington, 1871, which provides as follows :—

“It is agreed that for the term of years mentioned in Article XXXIII. of this Treaty, goods, wares or merchandise arriving at the ports of New York, Boston and Portland, and any other ports in the United States, which have been or may from time to time be designated by the President of the United States, and destined for Her Britannic Majesty’s possessions in North America, may be entered at the proper Custom-house and conveyed in transit, without the payment of duties, through the territory of the United States, under such rules, regulations and conditions, for the protection of the revenue as the Government of the United States may from time to time prescribe; and under like rules, regulations and con-