

to \$2.50 in our general tariff, with a further reduction of one-eighth of that duty, and later on another eighth under the Reciprocal Tariff, there will undoubtedly be, in the beginning at all events, some loss of revenue. Making a rough estimate on that matter, I candidly admit it is only a rough one, I think we may lose on the item of iron \$217,000. I think perhaps on the item of woollens we may lose \$275,000; on cottons something like \$66,000. On the item of corn we will lose about \$207,000, less the amount which will be paid by the distillers, which I estimate to be in round numbers, \$60,000. Deducting \$60,000 from \$207,000, the net loss will be \$147,000. If we add these to the items already mentioned with respect to iron, woollens and cottons, we have a gross loss of about \$700,000. I do not profess to offer this to the House as a very correct statement, I admit it is difficult to estimate, and we have to do it very broadly and with great doubt as to how it may turn out; but I think we will not be far astray when we say that for the first year we may lose on these items about \$700,000.

We will gain something by the policy we propose, and I will refer to the resolutions I have to propose with respect to the excise duties. The duty at present imposed by the excise law on spirits is \$1.70 per proof gallon. We propose to increase that to \$1.90 per proof gallon. I know there is a desire on the part of some hon. members to still further increase the duty on spirits. It is naturally an article to which a Finance Minister turns in his desire to obtain revenue.

Mr. FOSTER. Takes to drink.

The FINANCE MINISTER. Some Finance Ministers do; as for myself I drink water. But every hon. member who has had any experience of public affairs knows that you may push your spirit duties to a point where you will not get increased revenue, or at all events you will get it at a high cost. I am free to confess that we are rapidly approaching that point in Canada. I do not suppose that we can place the duties much higher than we propose at the present time. If it is considered expedient to still further increase the duties, the experience of other countries leaves ample room for doubt as to whether by increasing the duties you will increase the revenue. I do not profess to give any absolute judgment on the point, but there is some doubt in my mind whether we would derive any increased revenue from the spirit duties if we increased them materially above what we propose. Some branches may be found on which increased duties may be levied, and if such is the case, some Finance Minister will call it into operation.

We propose to reduce the duty on vinegar from 6 cents to 4 cents per gallon, but at the same time we impose a duty of 4 cents per proof gallon on acetic acid. Those in-

Mr. FIELDING.

dustries have come into conflict, and the manufacturers of vinegar and acetic acid do not agree. I have reason to believe that on the whole this will be measurably satisfactory to all as a fair compromise. It is also proposed that the Government may exempt acetic acid when used for mechanical purposes.

From the imposition of an excise duty on foreign raw leaf tobacco, we get an important item of revenue, as I shall proceed to show, and at the same time we confer considerable advantage on the growers of tobacco in Canada. How far it is possible for our growers to displace foreign leaf was much disputed before the tariff commission; but if the Canadian producer can as a result of this duty get some advantage, we see no reason why he should not have the same opportunity afforded him as has been afforded to other industries. Our main purpose is to get revenue, but at the same time there is no objection to the growers of tobacco in Canada receiving advantage from this resolution.

Mr. FOSTER. How much duty do you expect to receive from this increased duty on raw leaf?

The MINISTER OF FINANCE. From raw leaf tobacco we expect to receive the comfortable sum of nearly \$1,000,000. We expect to get from increased excise duties on spirits, \$509,000, increased excise duty on cigarettes, \$100,000, and from increased customs duties on spirits, tobacco and cigars about \$173,000. If we should realize our expectations on all these items, and of course there is a probability that the effect of the increased duties may be to diminish consumption—if we would get our full estimate of the amount from increased duties on spirits, cigars and tobacco, the sum will reach \$1,700,000. Of course I quite realize that we may not collect this sum, because it is well known that with increase of duties the difficulties of collection become greater. I have also stated that we shall lose about \$700,000 through reductions in iron, woollens and other goods. I have mentioned in the earlier portion of my speech that if we were continuing the old tariff, we would need about \$750,000 more than it would provide. So if we take three-quarters of a million, which we might probably need in that regard, and \$700,000 we may need—perhaps that is a large estimate—to make up the loss we will sustain from the reduction of the duties—we will come out about even. The bounty on iron is also to be taken into consideration, and may vary the figures a little. It has already been stated that we are making very material reductions in the duties on iron. The iron industry was not specially favoured in the original National Policy. At all events in later years we know that hon. gentlemen opposite felt they were justified