

justify the Senate in appointing a committee of investigation, the Government will be quite ready to respond to the wish expressed.

I thank my honourable friend (Hon. Mr. Hughes) for bringing this matter to the attention of the Senate.

Hon. J. J. HUGHES: Honourable members, naturally I could not follow in all its implications the statement read by the honourable leader of the House. It will appear in Hansard and I shall read it with care and try to understand it fully. It clearly shows, however, that there is in Canada a tremendous smuggling organization covering the whole country, but particularly active on the seaboard, both east and west, and that although large sums of money are being spent and a small army of men and extensive equipment are employed, the Preventive Service has not yet been able to stamp out the evil nor to bring it under reasonable regulation.

Now I want the House to realize that this unfortunate condition of affairs is of recent growth. We did not always have it. During the War the Parliament of Canada, properly, no doubt—in its wisdom, at all events—raised the excise and customs duties on spirituous and malt liquors from small charges to exceedingly high ones. After the War these duties were continued and this business started. Therefore, it seems to me, we are justified in coming to the conclusion that it was the excessive duties which created the business. I knew when I was speaking before the recess that last session the Government made a considerable reduction in the duties, but I did not mention it at the time, because I felt that was well known to everybody or could be easily ascertained. But in the statement that has just been read the Commissioner of the Royal Canadian Mounted Police says the duties are still so high and the inducement to smuggle is still so great that the illegal business continues.

To my mind this is a very serious state of affairs. A large number of our people are divided into two camps. On one side there are those engaged in the smuggling business, who are trying to defraud the national revenue, and on the other there are those seeking to prevent them from doing so. In a small way there is a civil war going on in the country. Now, is it desirable that that kind of thing should exist, if it can be stopped?

As I have already pointed out, this business is of recent origin. It has sprung up within the last twenty years. Before that time we did not have it at all. Would it not naturally appear that the remedy lies in a return to the

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duties prevailing before the business began? If we adopted that remedy, would not this unlawful business die a natural death?

According to newspaper reports it appears that part of the organization on trial in Montreal last year was charged with defrauding the national revenue of \$5,000,000—a very large sum of money. Then, the effect of this business upon a large proportion of the people engaged in it is such as to make them poor citizens of our country. That is a matter to be considered.

Some years ago, when the Preventive Service was being reorganized, the late Mr. Breadner and two or three other officials came before a committee of this House and gave evidence with respect to certain proposed amendments to the preventive laws. He was confident that if the proposed amendments were enacted his staff would be able to do more effective work in curbing smuggling. I stated at the time that I did not think it would be possible to stop the illicit traffic while the financial inducements were so great. Two or three years later he told me that the Preventive Service could not cope with the highly organized smuggling rings. I believe he was a very capable official, and certainly one determined to do his duty. I repeat, I do not think that this traffic can be controlled while the monetary inducements continue to be so attractive. In my opinion the only way to cure this tremendous evil is to reduce the duties so as to render smuggling no longer a profitable business.

I do not think our revenue would suffer by such a reduction of duties. It has been estimated by some persons with a considerable knowledge of the matter that on at least 70 or 80 per cent of the liquor now consumed in Canada no duty has been paid. I do not know whether that is a reliable estimate. However, to my mind, the loss of revenue is not so serious as the loss of character—the debauching of our people engaged in this illicit business.

Now, I would suggest that honourable senators who are interested—and I suppose almost every member is interested—read to-day's Hansard and study the statement from the Commissioner in charge of the Preventive Service, so that they may realize how serious is the state of affairs. In the meantime further discussion might be deferred until we meet again.

Hon. Mr. DANDURAND: The matter is not concluded.

Hon. Mr. HUGHES: No, the matter is not concluded to-day. I have this morning received from the president of the Canadian