

is a distinction made between the rate of stumpage levied on the wood manufactured in Canada and that which is not so manufactured. And it has been publicly announced that there is a probability that the Quebec government will proceed further and adopt practically the Ontario policy. The Americans were naturally interested in that. Many of the people of the republic have come into Canada or have sent their money into Canada, and are as large owners of these wood lands, and they would like very well if they could have the utmost freedom with regard to the shipment of this wood product. In the course of discussion this was mentioned to our government. We, of course, had only to point out that this is a matter of provincial concern; that we have no right and would not claim any right of interference with a province in this matter, and so, after a little discussion, it was recognized that this was not a matter with which we could deal, and no demand was made on the part of the United States government that anybody should grant this relief which they very much desired.

Mr. W. F. MACLEAN. Does that refer to the export duty imposed by the Dominion? Was any request made upon this government with regard to that?

Mr. FIELDING. They would have been exceedingly pleased if the government of Canada could have helped them in any way with regard to greater freedom in the shipment of this wood, but all I can say to my hon. friend is that we have made no arrangement of any kind in that matter. The right of the parliament of Canada to levy such export duty or to prohibit such export remains untouched.

Mr. SPROULE. In the event of the parliament of Canada levying an export duty, or in the event of a regulation by a province compelling the pulp to be manufactured in the country, would that be regarded by the United States as a violation of their tariff law, sufficient to induce them to retaliate?

Mr. FIELDING. We have claimed that that could not in any sense be regarded as a tariff discrimination, and I think I may fairly say that they accepted our contention in that respect. It has ceased to be an issue between us. They are quite aware that all we could do would be in the line of what has been suggested by my hon. friend from South York (Mr. Maclean)—that we have the power to levy an export duty, and we could with the consent of the parliament of Canada bargain with them that we would not do so, but of course that is a large order. All I can say to my hon. friend is that the right of the parliament and the government of Canada to deal

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with that question as it may best be dealt with in the public interest of Canada remains unchanged.

Mr. SPROULE. The provision in their tariff law dealing with pulp wood says:

Mechanically ground wood pulp, one-twelfth of one cent per pound dry weight: Provided, however, that mechanically ground wood pulp shall be admitted free of duty from any country, dependency, province, or other subdivision of government (being the product thereof) which does not forbid or restrict in any way the exportation of (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) or impose any export charge, export license fee, or other export charge of any kind whatsoever, either directly or indirectly (whether in the form of additional charge or license fee or otherwise), upon printing paper, mechanically ground wood pulp, or wood for use in the manufacture of wood pulp.

If I am correct in my understanding of it, I take it that in the event of the provinces passing a regulation which would compel their pulp wood to be manufactured in the province, or in the event of an export duty being imposed upon that pulp wood, it would not be regarded as a violation of their tariff law.

Mr. FIELDING. I have been dealing entirely with the proposed application of their maximum tariff, and what my hon. friend (Mr. Sproule) says has no reference to that. There is a provision in their tariff law, in operation to-day, which levies a different duty upon pulp manufactured from wood produced in certain quarters, as compared with the duty levied on pulp from certain other quarters, but that is not under the maximum tariff. That is under another clause in the Tariff Act. It is in operation to-day, and we have not had that matter before us in any shape or form. It is not touched at all by our negotiations.

Mr. J. A. CURRIE. Then the minister means that as the matter stands we have to take the maximum of the American tariff upon any pulp wood or pulp sent into the United States.

Mr. FIELDING. No, I think there is a little confusion there. There is a special regulation with regard to pulp, and a special tax upon pulp which comes from the Crown lands of the provinces which impose these restrictions, but that is separate, and apart from the maximum tariff; the maximum tariff is another thing.

Mr. J. A. CURRIE. And Canada has to pay that tax?

Mr. FIELDING. The question of who pays a particular tax is a large one.