

Customs Tariff

effect and our producers were able to carry on.

3. This import duty with some changes continued through the different governments down to the year 1904.

4. Consumption of the different manufactured products from petroleum was increasing enormously while the Canadian production was steadily declining. The tax upon the people through the tariff on oil was heavy and was the subject of constant attacks upon the hustings and in parliament.

I do not think my hon. friends will disagree with anything that this Liberal politician says, at least down to that point.

5. Introducing his budget at the session of 1904 the Hon. Mr. Fielding after investigation and consultation with our oil producers suggested the discontinuance of the duty on the large amounts of crude petroleum entering the country and substituting for it the present bounty of one and a half cents.

It will be observed that the condition of affairs in that section of country whose people had adapted their activities to oil production was brought about by a policy inaugurated by the Right Hon. Mr. Fielding himself in 1904. Mr. Fielding's reasons for the change are found in the House of Commons Debates, session of 1904, volume 3, pages 4359-60. I now quote Mr. Greenizen, who quotes from Mr. Fielding as follows—page 4359:

"The oil industry has a fair claim on our consideration." And further on he says: "What we desire to do is to bring about a reduction in the duties on oil in such a way that the consumers shall have cheaper oil and that no injustice shall be done to the oil industry, but that it shall have as fair a chance as others."

Do my hon. friends take any exception to those statements of Mr. Fielding made in 1904? I do not think they can.

Again at page 4360 he says his desire was "to deal fairly and generously with the people who have invested their money in the industry of producing crude oil."

6. The necessity of protecting the crude oil producing industry was recognized and the bounty was in substitution for the previous duty.

7. Since the introduction of the bounty in 1904 the oil producing industry has been free from attack. No individual or party in parliament has attacked it, nor is there any evidence that the public generally was demanding its repeal. The substitution of the bounty for a duty was a good business move, and resulted in the building up of a large oil refining industry employing several thousand men. The discontinuance of the bounty announced by Mr. Fielding when introducing his last budget came as a surprise to the oil producers. No investigation was made upon the ground here as to the effect this change would have upon the oil producers.

Let me again remind the House that I am but giving voice to the protests of the head of the local Liberal organization; it is he who says that this action was taken without the slightest investigation and without the slightest thought as to its effect upon the industry.

Investigation will show that our oil producers cannot carry on without a bounty or a protective tariff,
[Sir Henry Drayton.]

and large amounts of invested capital will be wiped out if the change goes into effect.

Again I pause to interpolate: As I understand it—and my hon. friend will correct me at once if I am wrong—an investigation into this question was asked for and was made by the Geological branch of the Mines department. A report was made, I think by Dr. Hume—if I have the names wrong my hon. friend will inform me. No one has yet seen the report; I have never seen it, but I am further told that it substantiates Mr. Greenizen's claim. That report would be in my hon. friend's hands now.

8. We operate about 3,500 wells with some 216 separate power plants. I have no means of accurately arriving at the capital investment, but it undoubtedly runs into several millions.

9. Delivering his budget speech, May 11th, 1923, in dealing with this matter of the bounty on crude petroleum, Mr. Fielding said: "The total amount paid in the form of bounty in 1922 was \$93,636. The amount is not large, and if we had to consider only the condition which existed when the bounty was applied it might not be worth our while to make any change. But oil has been found in our western country. There is a widespread conviction that we are on the eve of great oil discoveries in the far west and north." And further on he said: "If there should be, as may very likely occur, great strikes of oil in the western country, the bounties we are called upon to pay would be a very serious charge upon the treasury." It is to be noted that the moving cause for the removal of the bounty was the fear of large production being found in the West, and I think it fair to conclude from Mr. Fielding's statement that he would not have discontinued the bounty if he had not such fear in his mind.

Hon. gentlemen will recall that Right Hon. Mr. Fielding found no fault whatever with a bounty policy. Why, he put on more bounties last year. He gave bounties last year, for example, in connection with some form of copper production in the West, at any rate, in relation to a large smelting company there. No objection was offered to the principle; no argument was made that a bounty was not required in order to keep the industry going. But there was the fear that large oil resources would be found in the West or in the north and that the country's treasury would be subjected to very heavy demands. Well, there being nothing wrong with the principle, there being no room for debate as to the necessity—provided, of course, that these farmers were to be looked after and the business kept going—the suggestion came from the hon. member for West Lambton (Mr. LeSueur), if I remember rightly, that the bounty should be limited to five barrels a day per well. The whole idea of that was to apply the bounty only to the small production; it would be of no use to large commercial concerns. Just