

Neither as to our right to give a preference to Great Britain, nor as to our right to give a preference to any portions of the British empire has any question whatever been raised by the government of the United States. They recognize that this is a matter of family arrangement within the British empire and that no fault could be found with it. I mention this for the information of my friends in Jamaica, who I hope will see in it an indication that the United States would not regard the making of a trade arrangement between Jamaica and Canada as being of an unfriendly character or involving undue discrimination.

I said that when in the Senate the penalizing clause was rewritten, no reference was made to preferential arrangements between the mother country and her colonies, but provision was made that in case any country should establish what is called undue discrimination against the United States there should be an additional duty imposed of 25 per cent. It was provided that this so-called maximum tariff would come into operation on the first day of April of the present year. I would like the House to note particularly, for I find there is much confusion on the subject, that this maximum tariff means 25 per cent of the value of the article and not 25 per cent of the duty levied. I have found widespread error in that respect; I have found that many prominent mercantile men, who have not given the question careful attention, have been labouring under the mistake of supposing that the maximum tariff only meant the addition of 25 per cent to the duties already levied. For example, if the duty of \$100 worth of goods was 30, or 30 per cent, the idea was that the maximum tariff would add one-quarter of the duty, or \$7.50, that that would just make it, instead of 30 per cent, 37½ per cent, and that while that would be rather a high duty it would not necessarily be a prohibitive duty. But if one reads more carefully the maximum clause of the United States tariff law, he will find that it is not 25 per cent of the duty, but 25 per cent of the value of the article. Taking the article I have mentioned by way of illustration—an article of the value of \$100 at 30 per cent—the additional duty would not be one-quarter of 30, or 37½, but the duty would be 30 per cent, plus one-quarter of the value of the article, or \$25; so that the duty would not be \$37.50, but it would be \$55, it being \$30, the original duty plus one-quarter or 25 per cent of the value of the article. I have been surprised to find how widespread the impression is that the maximum tariff would only add a small amount to the duty of the main tariff.

Then, another point we had to take into consideration was that this maximum tar-

iff would be applied automatically. It was not something that the president would bring upon us by some act of his own. It was not as if the president had to do this thing, and he might be persuaded not to do it. The law provided that on the first of April the maximum tariff was to come into operation unless in the meantime the president had, by proclamation, granted exemption and brought the minimum tariff into operation. It is important to note that, because if the president simply remains silent, if the president shall do nothing and simply lets matters drift, that maximum tariff will come into operation the first of April. It was necessary, therefore, to ascertain whether the president could be induced by reasonable arguments and, if necessary, even by reasonable concessions, to issue a proclamation which would extend to Canada the benefit of the so-called minimum tariff.

As to the general grounds of difference between the two countries, as I have already pointed out there is not much correspondence on the subject and we cannot bring down any documents showing formal demands made by the United States upon us, but although the press was not always accurate in its details, it is probably right that I should say that in a general way the United States press has given to the world a pretty fair idea of the points of difference between the government of Canada and the government of the United States. There was one question of importance which engaged our attention to a limited extent, but which did not ultimately become a matter of negotiation. It was a matter of friendly discussion, but our American friends thought there was nothing to be done and so they did not formulate any demand upon it. I refer to the pulp wood question. The United States would have been pleased if we could have made some friendly arrangements with the provincial governments whereby the restrictions now made or likely to be made as respects the shipments of pulp wood to the United States might be modified. It is well known that the provincial governments have no power to levy an export duty, or to prohibit the export of anything to a foreign country, for that can only be done by the parliament of Canada. But nevertheless, the provinces can to a large extent accomplish the same result. The provincial governments are the owners of large tracts of timber lands which they lease to those who may wish to operate them, and as owners of the lands it is their right to stipulate the terms and conditions upon which these leases shall be taken. In the province of Ontario, as is well known, a condition of the lease is that the wood shall be manufactured in Canada. In the province of Quebec there