

under that protection it has been charged that a ring has been formed and high prices have been obtained. But the Minister is now giving them an advantage of 18 cents a gallon above what they had before. From that is simply to be taken the amount of the duty on corn. I am told by a gentleman, who seems to know, that the product of a bushel of corn is something like four gallons of whiskey. If that is so, the duty on the corn would amount to only about 2 cents a gallon. So that it seems to me it would be safe to leave the duty on the imported article where it is now, and to increase the Excise duties above the point at which the Government are fixing them. The 5 cents a gallon which the Minister proposes to allow for evaporation might be quite safely put on, and the distiller left with more protection than he had before; for even with that 5 cents on, which would raise the duty 35 cents, the distiller would have a protection of $33\frac{1}{2}$ per cent. It is no part of the Government's business, nor are they, I suppose, attempting unduly to enrich anybody in trade through the operation of their tariff. As I understand, what they do is to give those in trade a chance to carry on their operations, but not to give them a vastly enriching monopoly.

Mr. COSTIGAN. The amount of protection given to the distillers is not as great as the hon. gentleman represents it to be. Perhaps he overlooks the fact that the present Bill, or the Bill that passed shortly before this one, provides for the sale in this country of whiskey that shall be aged before it can be taken out of bond—shall be kept in the wood for not less than one year. Of course the 5 cents of which he speaks, that was proposed to be asked for to compensate for the percentage allowed for shrinkage, but which is not now asked for, should not be added to the protection given to Canadian distillers; because, to-day, in the United States and in England, that percentage is allowed the distillers there. The difference in favor of Canadian distillers before this change, was as between \$1.02 and 1.03 cents, and \$1.32 $\frac{1}{2}$ cents Customs; now it is changed to \$1.30, \$1.32 and \$1.33 Excise and \$1.75 Customs. The advantage to the Canadian distiller, under the old system, was, generally speaking, $32\frac{1}{2}$ cents; the same calculation would be to-day $42\frac{1}{2}$ cents. The hon. gentleman ought not to count the 5 cents at all, because that the American distiller gets to-day. Before recess, the hon. gentleman stated he did not charge exactly that the intention of the Government, in giving that notice, was to warn distillers that an increased tax was going to be put on spirits for revenue purposes, and that they took advantage of the notice to take out large quantities of whiskey. I explained then that it was not a question of increasing the revenue, but simply a calculation of what was necessary to offset the percentage allowed for shrinkage. The leader of the Opposition told us it was clearly understood, when the Bill was brought in, that the 5 cents power to levy which was asked was to make up that deficiency caused by shrinkage. Then the hon. gentleman stated that, when the Bill was passing through, I said this 5 cents extra, when we went into Committee of Ways and Means, would be asked for. Well, I did not say it would be asked for in any particular way. The hon. gentleman questioned me closely upon it. I said the duty would be less this 5 cents, but that when the question came up we would deal with it in such a way that there would be no loss on that account. Suppose we decided to increase the duty 18 cents or 20 cents, what was there to prevent us adding this 5 cents to that, so as to make up the difference.

Mr. PATERSON (Brant). When I alluded to the notice of the hon. gentleman, I said the Minister had informed us, when in committee on the resolutions, that his intention was to cover the loss by evaporation by this 5 cents. But we did not understand that until then, and to-day the Minister is not doing that. He has departed from that now, and we have the plain declaration that the policy of the Govern-

ment is to get 30 cents a gallon more by way of Excise. The Minister knows it will take 5 cents to make up the shrinkage, so that the Government policy is not being carried out. The hon. gentleman's argument is somewhat plausible, with reference to the amount of protection to the distillers. He said that on the other side this shrinkage was allowed, and therefore the American distillers had the benefits of it, while our distillers had not. But I suppose that system has prevailed over there for many years, so that the circumstances are not altered in the least by that. The distiller, when he had $32\frac{1}{2}$ cents protection, was at an equal disadvantage, by not being allowed that shrinkage reduction, as he is to-day, and the circumstances being the same, there is still the 18 cents per gallon additional protection.

Mr. BOWELL. The protection is not so great as it appears upon the face of it. The present Excise duty is \$1; add 30 cents to that makes 30 per cent. additional. Take the \$1.32 Customs duty now levied on whiskey and calculate 30 per cent. on that, will give within a fraction of 40 cents additional; that will make a total of \$1.72 $\frac{1}{2}$, so that the difference of protection is the difference between \$1.72 $\frac{1}{2}$ and \$1.75. When the Minister of Inland Revenue placed his resolution upon the Notice Paper, stating the intention of the Government to add 5 cents per gallon to make up the loss by shrinkage, the question of raising the Excise duty upon the manufacturer of spirits in this country was not then decided upon.

Mr. PATERSON (Brant). I wanted, on the last resolution, to draw the attention of the Minister to the increase on manufactured tobacco from 12 cents to 20 cents. No one on this side, that I am aware of, has any objection to the increased duty on tobacco or spirits. I think they are fair objects on which to levy revenue, and the Minister is perfectly justified in getting what he can out of them, consistently with preventing illicit distillation and smuggling, and other evils. But in 1883 Sir Leonard Tilley, the Finance Minister, delayed his Budget for a long time, and, when he introduced it, gave as his reason for the delay that changes were being made in the United State tariff of Customs that would have a material bearing upon legislation in this country, and he had to wait until those changes were announced, in order to frame legislation to meet them. The proposition was before Congress on the 3rd March, but did not reach him till the 16th. They proposed to reduce the Excise duty on manufactured tobacco from 16 to 8 cents, and he said in that case we should do the same. He made this statement:

"I may state here, that owing to the fact that the United States have reduced the Excise duty on tobacco and snuff from 16 cents to 8 cents per pound, the Government found it an absolute necessity, for many reasons—although there are other articles on which they would rather relieve the people from taxation—to reduce our duty on tobacco made from foreign leaf from 20 cents to 12 cents."

He found it an absolute necessity for many reasons. He gave us the reasons in the opening part of that speech, when he used these words:

"One proposition alone was, that tobacco should be reduced from 16 cents to 8 cents a pound; another proposition was that it should be removed entirely. If either of these propositions carried, it would become necessary for the Parliament of Canada, for the purpose of preventing illicit trade, protecting the honest trader and protecting our own manufacturing industries, that our duties should be reduced in proportion to the reduction made in the United States. Therefore, if the proposition to reduce the duty 8 cents per pound on tobacco were adopted, it would necessitate a reduction in Canada which would involve \$750,000."

I would ask the Minister is not the Excise duty in the United States now what it was in March, 1883, and here we are proposing to put on this 8 cents, when the Finance Minister told us it was absolutely necessary to take them off, to prevent illicit trading, protect the honest trader and protect our own manufacturing