

moment production overtakes consumption as it is doing—in fact already has done in many lines—it will withdraw from industry. If our manufacturers have not assurance that they will be protected, they are going to withdraw from business. The ship of industry will be thrown on her beam ends. With capital withdrawn from manufacturing we shall be compelled to rely upon our agriculture simply. Now, no country ever made a success of itself unless it was a manufacturing country, unless as it increased in wealth its industries were diversified. I say that if this agreement goes through as it now stands, if the material to be used in the betterment of this railway for fifty years—and I have shown that the betterments in ten or fifteen years will cost more than the original construction—if that material comes into this country free of duty that will be a most severe blow to our manufacturing industries. Some members of the government maintain that the government have this in their own hands, and that only if the government import direct will the goods escape duty. I say, and my contention has been backed up by eminent legal authority, that under this Act the government have not the power to import material free of duty, but will be compelled by the Grand Trunk Pacific to import it free of duty, because, under the agreement they only pay interest on the lowest possible cost of construction. I appeal to the government to reconsider this clause and to protect our manufacturers to the very fullest extent. If they do not do that, I feel certain that no Act that has been passed in this House for many a year will be such a detriment to the prosperity of the country as will this, because the price of importation of railway supplies for the benefit of that road will, in a measure, govern the prices of importation for all the other railways. Therefore, I beg to move, seconded by Mr. Broder:

That all the words after the word 'that' to the end of the question be left out and the following substituted therefor:—'The Bill be referred back to a Committee of the Whole House with power to amend the same by striking out section 33 of the Bill as reported and substituting therefor the following':—

'Notwithstanding anything contained in section 17 of the said contract, all materials or supplies of any kind which are not the products of Canadian labour and which are imported for the purpose of the construction of the said eastern division by or on behalf of the said commissioners or by or on behalf of any contractors, workmen, agents or servants for the construction of the said eastern division, or for the improvement, replacement of structures or otherwise upon capital account for betterment of the said eastern division as in clause 16 of the said contract provided shall be liable to the usual customs duties provided by the statutes in that behalf and shall be included in and form part of the "cost of construction" mentioned in section 15 of the said agreement, or of the capital account or betterments mentioned in section 16 of the said agreement, as the case may be.'

In moving that amendment, I do appeal to the government to reconsider the position they have taken and further to amend this Bill so as to protect our manufacturers and make it quite clear that all goods imported into Canada for the capital account of this railway shall be subject to pay duty, as provided for now under section 33, so far as concerns the original cost of the road. I cannot see why, when the government have accepted the position that material coming in for the original construction should pay duty and that this shall be added to the capital account on which three per cent interest is to be paid, they should not extend that agreement and make it include all material brought in for betterments. There is more reason to apply it to the betterments than to the original construction, because we do not know how in the next fifty years, the duties may change, and it is most important that there should not be an exception on the statute-books covering such a large import as will be made under this clause. There is no reason why this company should be treated in any different way from others. And if it should happen that our duties are raised all round, then the clause in the Bill as it now stands will appear all the more as a glaring inconsistency, and will be all the greater danger to our industries.

The MINISTER OF FINANCE (Hon. W. S. Fielding). I do not desire to follow the hon. member for West Toronto (Mr. Osler) in the general discussion of the fiscal policy into which he entered; I prefer to confine myself to the particular point which is the subject of his motion. My hon. friend has again said that the goods imported for the betterment of this railway on its completion will be imported free of duty; that they must be imported free of duty and that he has presented to this House legal opinions in confirmation of that view. I must again state that the hon. gentleman is in that respect mistaken; he has produced no legal opinion to say that one penny's worth of these goods must be imported free of duty. He has presented legal opinions dealing with the adjustment of the capital account between the government and the Grand Trunk Railway Company, a very distinct and separate question. The position of the government with respect to these importations, if importations are to be made, will be precisely the same position as that occupied by the government for many years with respect to the Intercolonial Railway. That is to say, if the government desire to import goods from abroad for the use of the Intercolonial the government may either pass these goods through the customs house free of duty or may, if they see fit, allow them to pass in as private importation and duty may be paid; the matter is entirely optional with the government. The position in which this matter will be left as it now stands is exactly the same as that occupied by the government in relation