

who take advantage of the geographical outline, which makes the protection of the area very difficult.

New Brunswick: In this province both federal and provincial statutes are enforced and the method of dealing with liquor infractions is much the same as followed in Nova Scotia.

42. Illicit distillation of liquor is not carried on to any great extent, most offences dealing with possession, or smuggling of liquor along the coastline and, to a lesser extent, in the last two years, over the Maine border.

43. Our efforts in preventing landings in New Brunswick have been generally successful, and our reports indicate that the situation is well in hand at the present time.

Prince Edward Island: Prince Edward Island is the only province wherein the provincial statutes enforced by the Royal Canadian Mounted Police include prohibition. In that province all detachments are actively engaged in enforcing customs, excise and provincial statutes to combat the traffic. Seizures of liquor have been consistently effected and prosecutions entered wherever the evidence of ownership or possession justified. The co-ordination of patrol vessels, aircraft and land detachments, although not entirely preventing landings of contraband, has greatly hampered smuggling operations.

45. Comments from local bodies have been favourable; and while some complaints have been received regarding alleged conditions in certain districts, the persons making the complaints and claiming to have definite knowledge of the violators and violations have refused to divulge information which would assist members of this Force in dealing with the offenders.

Maritime Provinces generally: In the Maritime members of our Force are kept fully occupied on preventive work. Convictions have been consistently recorded throughout the three provinces, and we are continually conscious of the necessity for constant pressure.

47. Indications have come to us verbally and in the form of letters that our work in those provinces is regarded as fruitful.

48. The rum-runners are being converted from the schooner type of vessel to large, fast motor-boats equipped with wireless, by means of which they maintain contact with agents on shore, arrange landings, and are kept advised of the movements of our patrol vessels—a situation which has necessitated change in our tactics and equipment accordingly.

49. The groundwork has already been laid for an intensive drive against the rum-runners during the coming season, particularly on the Nova Scotia mainland as well as the entire seaboard of all three provinces. It is considered that it would be unwise to make public the nature of the plans, for reasons which we feel sure will be understood.

Co-operation with U.S. services: Following a conference between officials of the United States Coast-Guard Service and members of this Force in 1934, an arrangement was made whereby very close co-operation is maintained between the preventive forces of the two countries. Information to the mutual advantage of the services is freely exchanged. This has produced tangible results in the form of seizures of contraband and of vessels conveying it.

Hon. Mr. DANDURAND.

51. Co-operation has been developed, and every opportunity is taken by each service to aid the other.

52. While in Washington recently I conferred with officials of the United States Coast-Guard Service, Treasury Department, regarding plans for combating the liquor traffic on the Atlantic coast.

53. Co-operation is maintained by marine and land officers all along the boundary with fruitful results.

Liquor shipments: At the instigation of the United States Government, regulations were put into effect during July, 1935, whereby restrictions were placed on liquor vessels clearing St. Pierre-Miquelon unless a bond was put up, to be cancelled only when landing certificates were produced. This proved a temporary check on the traffic; but the trade from those islands was quickly substituted by the arrival of steamships from European ports, chiefly Norwegian vessels bringing alcohol of Belgian, Dutch, German and Austrian origin. These deep-sea vessels would anchor at a rendezvous on the high seas adjacent to the Nova Scotia and New England coasts, and discharge cargoes consisting of up to twenty-five thousand cases of alcohol to fast motor-boats which made the ship-to-shore trips.

54. It has occurred to us that more could be done by our own country along the lines of the United States treaty with the French Government, which resulted in the restrictions placed upon liquor vessels clearing from St. Pierre-Miquelon, by making similar arrangements with other British colonies or with other countries outside the Empire.

Customs duties—excise taxes (liquor): The reduction of customs duties and excise taxes provided in the 1935 Budget followed a strong recommendation from these headquarters that it was deemed advisable to lessen the profit, and thereby the incentive to smuggle liquor. While this has had some effect, our experience during the past season indicates that the margin of profit is still sufficient to provide the incentive to smuggle this commodity and also to carry on illicit distillation. The traffic fluctuates over the border as the price structure in the two countries provides the market. At times we have a flow of American alcohol, and at other times the Canadian produce flows south. This situation emphasizes the advantage of close co-operation with the United States preventive officials.

56. It is believed that if the various provincial governments maintaining liquor stores would give the fullest possible effect to reduction in the taxes in the retail prices they would be making helpful and worth-while contribution to successful preventive work.

Legislation: During the past two years several important sections of the Customs Act have been the subject of adverse rulings in the courts, which have nullified their usefulness. This is particularly the case with respect to those sections dealing with the seizure of liquor laden vessels and the prosecutions of persons found on board.

57. Recommendations based on our experience have been submitted to the Department of National Revenue, and we understand that amendments to the Customs Act will be submitted at the present session of Parliament, which, if adopted, will materially strengthen our arm from a preventive angle.