

of levying the sugar duties in Canada operates unfavourably to the sugar trade with the West Indies. The duty is a flat specific duty of one-half cent per pound on raw sugar. It admits of very large variations and very large injustices. A sugar testing by the polariscope at 75 degrees is worth 86c. per 100 lbs., and 50c. duty represents 58 per cent. Sugar testing 96 degrees is worth \$2.27 per 100 lbs.; 50c. duty represents 22 per cent, as against 58 per cent on the lower grade. I do not pretend that we can have absolute equality in these matters, but it will be admitted that the system of levying duties operates unequally. We had for some years in Canada the polariscope test, and I learn from the customs authorities and from all whom I have asked information, that it worked very well. Then, for several years raw sugar was free. In 1895,  $\frac{1}{2}$ c. per pound was levied. I am not informed, of course, as to what was in the mind of the hon. member for York (Mr. Foster) when he levied it. It was probably levied in a hurry, without much thought being given to it, and it has operated unfairly. The duty was a small one, and I can readily understand that one might imagine that there could not be very much inequality in applying it. But experience has shown that even with half a cent a pound there is inequality of duty against sugars of the lower grades, and a considerable quantity of the West India sugars is not of high grade.

When we deal with food products generally, it is not desirable to encourage low grades, and for that reason a specific duty on food is advocated by some hon. gentlemen who do not believe in specific duties in other cases; but I call attention to the fact that raw sugar, especially of low grades, is not a food, and is not likely to be eaten. Raw sugar is a raw material which only becomes a food after it is refined, and therefore we have no particular desire to legislate against it. Inasmuch as there is a considerable quantity of low grade sugar, not so low as 75 degrees, but of moderately low grades, on the market, it is not the business of Canada to turn away the trade which this sugar offers. While our tariff is operating in that way, the tariff of the United States is graduated so as to encourage the trade in these low grade sugars. They have adopted the polariscope test, and the effect is to establish a graduated scale of duties whereby low grades pay in proportion to their value. The polariscope system is practically under another name an ad valorem duty; low grade sugar pays its proportion and high grade pays according to its value.

We therefore propose to return to the polariscope system used in Canada so successfully a few years ago. We propose to begin at the limit of 75 degrees by polariscope test and charge for that degree or anything below it a duty of 40c. per 100

Mr. FIELDING.

lbs., and we add  $\frac{1}{2}$ c. for each additional degree. The average test of raw sugar used in Canada to-day is, so far as we can obtain information, 92 degrees by the polariscope. That information come from the refiners, who possess the best knowledge; one gave 91 $\frac{1}{2}$  and the other 92 degrees. Assuming that to be the correct average, and applying our new scale of duties to the present consumption of sugar in Canada, we find that on 92-degree sugar the duty will be 65 $\frac{1}{2}$ c. per 100 lbs., as against 50c. per 100 lbs. under the present tariff.

In the early part of my remarks, I stated that in consequence of the reduction we are obliged to make in duties on British imports after 1st July, and to maintain our finances in a strong condition, we want to make some material additions to our revenue in some other quarters, and we propose to do it in the way of making a small increase in the duties on sugar, although the duties we propose will be very much less than those which prevailed in Canada a few years ago. At 92, if we take that as proper standard, the duty shall be 65 $\frac{1}{2}$  cents per 100 pounds. But there must be considered in that connection the preferential tariff to which I have referred, and which will take effect as regards the West India sugar after the 1st day of August next. If we apply that preferential tariff to the 65 $\frac{1}{2}$  cents per 100 pounds, the quarter of it under the preferential rate will be 16  $\frac{37}{50}$ ths, which will leave the preferential rate at 49 $\frac{1}{2}$  cents as against the existing rate of 50 cents per 100 pounds. That is to say, upon so much of our sugar consumption as we may be able to obtain from the British West Indies under the new order of things there will be no increase, but on the contrary there will be a slight reduction of duty, it being—if the average as given to me is correct—49 $\frac{1}{2}$  as against 50 in the present tariff. But as respects that portion of the sugar which may not come from the West Indies, but which may come from other countries there will of course be the small increase I have mentioned.

Mr. WALLACE. It must be the production of the West Indies; not only sent from there but produced there.

The MINISTER OF FINANCE. Oh, yes; certainly. In the case of fractions of a degree we propose that where a fraction is five-tenths or less it shall not count, but where it is more than five-tenths it shall count as a degree, so that for the purpose of revenue we will have no fractions, not even to the extent of half a degree.

The effect of this upon the revenue is a very difficult question to deal with and we can only guess at it. It depends entirely upon how much sugar may come in under the preferential rate. Upon all sugar that may come in from the West Indies under the preferential rate we will receive no increase whatever, but will receive a little less duty