

has a right to make an insinuation of that kind, unless he has something upon which to base it. I tell the hon. gentleman that no one in the Department knew anything about this, except the Ministers themselves and the two deputy heads. It was kept scrupulously from every clerk. The hon. gentleman either insinuates that the Ministers had perjured themselves in revealing their intention, or that some employé of the Government had done that which would merit instant dismissal. For myself, I care very little about his insinuations. A man's reputation, where he has lived all his life, should be sufficient to answer an insinuation of that kind. But I must congratulate the Opposition on the fact that two of their financial critics, the hon. member for Brant and the hon. member for Bothwell, entirely differ from the ex-Finance Minister. Well, that is a matter that they must settle among themselves. I think from the ex-Minister's experience and knowledge of the working of the tariff he is just as likely to judge correctly of the effects likely to be produced upon businessmen as the hon. member for Brant or the hon. member for Bothwell.

Mr. MACKENZIE. Why was not the same course pursued with regard to the 5 cents duty as with regard to the 30 per cent. ?

Mr. BOWELL. I will tell the hon. gentleman why. A few years ago, when the Finance Minister was about making his Budget Speech, and it was known all over the country that the Government were going to raise the duties on various articles, this same firm of Gooderham & Worts paid into the Treasury, on the very morning of the day the Budget Speech was delivered, about half a million dollars duty upon liquor they had in stock. Well, to their disgust, certainly to their disappointment, there was no rise upon whiskey at all. You might as well ask why they did that. They did it, I presume, for the same reason that induced them to make the last entry. For the reason given by the member for South Huron, no extra duty was imposed, and the result was that the individuals lost by it. As to the question asked by the hon. member for East York (Mr. Mackenzie), why the same course was not pursued, let me say that the impost of 5 cents per gallon upon whiskey was to compensate, as stated in the notice, for the evaporation which would take place in case the liquor remained in bond 12 months. When liquor is put in bond, evaporation takes place to the extent of 5 to 10 per cent., but the holders are obliged to pay duty on the quantity of liquor which was gauged when it was placed in bond. The proposition of the Inland Revenue Department is, that in order to preserve the equilibrium there should be an impost of 5 cents a gallon. So that if the liquor was in bond for one year, instead of paying a duty of \$1, they would pay 94 cents, and this extra 5 cents was imposed to compensate to a certain extent for the loss of revenue which would arise by reason of the evaporation. The longer they kept the liquor in bond the greater would be the proportion, and consequently the less Excise duty they would have to pay.

Mr. MACKENZIE. They would escape payment of the 5 cents, all the same.

Mr. COSTIGAN. They pay the usual duty. If they kept the liquor over one year there was a reduction of 6 cents, but if they did not keep it over one year the 5 cents provision would apply.

Mr. PATERSON (Brant). The notice given did not state what the provisions would be with respect to the duty, and it was not until the matter had been discussed and there had been questioning and cross-questioning that the committee learned from the Minister in charge what the proposal was. If it was intended to cover shrinkage, it was unfortunate that the notice was not so worded as to make that apparent. There was nothing, however, in the notice, to

show that this was for evaporation. I therefore maintain, in face of all the explanations that have been attempted, that 660,000 gallons of spirits were taken out of bond which should have paid 30 cents a gallon additional duty and given to the revenue of the country about \$250,000. When the full facts in regard to the quantity taken out are known, it will be found that upwards of \$200,000 have been lost to this country.

Sir RICHARD CARTWRIGHT. The First Minister is not quite correct in saying that there is conflict between the arguments addressed by the hon. member for Brant and myself. They are cumulative arguments. They mean that the distilleries were influenced by certain considerations. Just at the moment when people were most influenced by those considerations, which were apparent to every business man and to every politician, came the notice of 7th May, by the Minister of Inland Revenue, and considering the condition of affairs, the manufacturers withdrew 800,000 or 900,000 gallons. My hon. friend is quite right, and I am quite right, and the Minister is quite wrong; and this is quite clear, that \$275,000 which should now have been in the Treasury is in the pockets of two or three large firms, who, by their foresight and tact, obtained the benefit.

The Committee rose, and it being six o'clock, the Speaker left the Chair.

#### After Recess.

House again resolved itself into Committee on Ways and Means.

(In the Committee.)

On resolution 4, spirits and tobacco,

Mr. PATERSON (Brant). I understood the Minister of Customs to say that he expected an increased revenue from this proposed 30 per cent. of \$1,082,000 on a total of \$3,608,000.

Mr. BOWELL. I said that would be the increase if the Excise entries for home consumption were as great as they were in 1884, but from the fact of large entries being made throughout the country, we did not expect more than half a million this year.

Mr. PATERSON (Brant). I understood that, but under ordinary circumstances that we might count on \$1,082,000 of increased revenue.

Mr. BOWELL. Yes, as compared with 1884, \$1,082,484.

Mr. PATERSON (Brant). I see the Minister has put on the 30 cents a gallon only to make up that amount of increased revenue. It will be necessary for him, in Committee of Ways and Means, to introduce the resolution imposing the additional 5 cents, of which notice was given by the Minister of Inland Revenue, to make up for the shrinkage.

Mr. BOWELL. It is not proposed to introduce that resolution, as it is thought that the 30 cents additional per gallon will be quite sufficient to meet the loss occurring in that way. The hon. gentleman understands that we cannot affect the present year's revenue to any appreciable extent.

Mr. PATERSON (Brant). Then the Minister's calculation of increased revenue is all wrong, because the 5 cents was to make up for the loss, and if it is not imposed the Minister is simply putting on 25 cents increased duty. That is not carrying out what was promised by the Minister of Inland Revenue. Then again, if this is not done, I ask the Minister what amount of protection he proposes to give to the distillers of this country? He is raising the Customs duty higher in proportion than he is raising the Excise, and if the 5 cents is not to be put on, what amount of protection is he to give the three or four distillers of this country?