

While the slaughter prices at which these cases were sold for export to Canada were not intended to make them any cheaper to Canadian than to American consumers, from the following facts it looks as though the cut in the prices was made to meet the Canadian duty. It was in evidence in the trial that the American price list for the Cyclone hunting was \$5, subject to a trade discount of 15 per cent., and for the open-face \$4.50, subject to like discount, with a further discount of 6 per cent. for cash. The price which Smith & Patterson paid for the hunting case was \$2.52. At \$5, less the discount, the net price of this case was \$4.25, and this should be the valuation for duty—the discount of 6 per cent. for cash making the value of it just \$4. If the case was charged with the 35 per cent. duty upon a valuation of \$4.25, as it should be, the amount of that duty would be \$1.48, which, added to the slaughter price of \$2.52, would make the cost in Canada precisely the same as in the United States—\$4. In other words, the American manufacturer paid the Canadian duty for the sake of slaughtering his unsaleable goods in this country.

It looks as though these importers were very greedy. As we have shown, the American manufacturer had deducted the Canadian duty from the list price of the goods, and certainly Messrs. Smith & Patterson, the importers, having received this concession, should have been willing to have handed over the correct amount of duty to the Canadian customs. But this is just where they showed their greed. The 35 per cent. duty upon the correct valuation of these 1,000 hunting cases would have been \$1,480, and about the same upon the open-face cases, a total of, say, \$2,960. But they attempted to have them appraised for valuation for duty at a price which would give the Government but \$880 for the hunting cases, or about \$1,760 for the whole lot, or \$1,200 less than the Government had a clear right to collect. It was because Messrs. Smith & Patterson endeavored to avoid the payment of this latter amount that the goods were seized by the Customs officers.

At this writing the judge has not rendered a decision in this matter; but it may be depended upon that if his judgment is adverse to the Government, it will be upon technical grounds, probably because Customs appraiser Ambrose had, under a misapprehension of facts, expressed the opinion that the goods might properly be entered at the slaughter prices. If this should be the case, the law should be amended, otherwise the door would stand invitingly open at all times for gross and disastrous frauds upon the revenue. It can readily be seen that the judgment of the appraiser, Ambrose, is at fault in this matter; and it is but fair and charitable to suppose that his opinion was not influenced by corruption. But such opinions might be influenced by corruption and hope of unlawful gain; and if such should be the case, unless the law allowed the Government to set aside and override such opinions, there would be no telling to what lengths the abuse might be carried. All that would be necessary, as in this case, to demoralize and destroy the watch case manufacturing industry in Canada would be for importers to have their goods billed at slaughter or fictitious prices, paying duty on such prices only. In the case under discussion the difference to the revenue amounts to \$1,200, or sixty cents upon each watch case imported. In addition to the loss to the revenue, the importer would be able to sell such goods at prices at which

Canadian manufacturers could not possibly compete, for sixty cents is a fine profit to make upon such watch cases. But the Government and the Canadian watch case manufacturers would not be the only ones who would suffer in the matter. The jobbing and retail trade would suffer, and the Canadian consumers would also suffer. The manufacturer, being handicapped by the presence of undervalued goods in the market, would be forced to sell his products at a loss or close his establishment, throwing his workmen out of employ. The jobber who imports straight goods and pays duty on list prices would be handicapped in that he could not compete with the importer who brought in inferior goods at slaughter prices, and he would either be forced to abandon handling first-class goods, and himself go into the questionable business of handling undervalued, inferior goods, or go to the wall. The retail dealer would also be in the same boat; and the consumers who buy such goods would have to pay full price for an inferior article.

The Grit papers, of course, as they always do, have taken sides against the Government in this case. The *Star* speaks of our customs system as "legalized pillage by informers," and that "there are many stories told by Montreal importers that are all but unbelievable"; and it prophesies that "there must come a reform soon in which a wide distinction will be made between a criminal smuggler and an honest merchant who has been misled by the mistaken ruling of a customs official." The *Herald* speaks of "the sleuth-hounds of the Customs Department," saying they are after plunder; and both papers and others endeavor to curry favor with importers by pretending to take their part against what they would be pleased to have their readers believe to be outrageous conduct on the part of the Government. This sort of editorial stuff is exceedingly undignified and untruthful. If importers violate the law it is not pillage on the part of the detectives or others to ferret it out; and the gain these officers make is simply what the law allows them. If Montreal or other importers have any "all but unbelievable stories to tell" in this direction they should tell them. If they have been wronged their wrongs should be righted, and if they have been engaged in compromising shady transactions with the officials, the matter should be investigated and probed to the bottom. Undoubtedly there should exist a distinction between "criminal" smugglers and honest merchants, but merchants generally are men of intelligence, supposed to be familiar with the details of their business. Importers should certainly understand that duties must be paid upon the fair market value of the articles they import, and it will not do for them to buy merchandise at slaughter prices and expect to escape the payment of just duties thereon by asking incompetent or corrupt or deceived officers to appraise them far below their value. In this case the testimony showed that the appraiser was led under the impression that the goods were unrestricted, and that it was open for American purchasers to buy them for sale in the American market. Obtaining an opinion under such circumstances looks very like getting it by false pretences, and therefore it should be deemed valueless. Such blackguardism and abuse as the Grit papers indulge in is exceedingly vulgar and ill-bred, and should be avoided. It proves nothing.

It is quite time for all respectable importers, jobbers and