

of England have it under free trade—perfectly free, Canadian refiners competing with German refiners, or refiners elsewhere, the economy of free trade and transportation will counteract the bounty. If the price of sugar is brought down to that basis our farmers can increase the productiveness of their farms and put in their fruits and manufacture jams and jellies of all kinds and conduct a larger trade which is not only a trade in the raw article which the farmers produce, but the manufactured article as well. Half a cent a pound on the raw sugar and half a cent additional on refined sugar will utterly preclude the development of that industry beyond the restricted area of Canada. So far as the 5,000,000 of people in Canada are concerned it will not affect them except that they will get less sugar and will be able to grow less fruit for the production of jams and jellies that would be open to them under different conditions. The excise offers a far better field for the resuscitation of the revenue for the providing of a revenue to carry on the operations of the country, and enable us to come down to a basis of absolutely free trade. Now what is the condition of things to-day? The excise under the last budget is \$1.70 a gallon and the duty \$2.25 per gallon on spirits. The manufacture and consumption of spirit generally in Canada is 3,000,000 gallons annually. It maintains in round numbers that amount for the last four or five years. There has been very little variation—about 12,000,000 for the last four years has been manufactured in Canada according to the Inland Revenue returns. Under the present excise that would pay \$1.70 per gallon. Then in addition to that 3,000,000 gallons manufactured in the country we have 1,000,000 gallons imported and the import of 1,000,000 gallons spirit is protected by a duty of \$2.25, so that any other nation that wishes to send in whiskey to this country has to pay a duty of \$2.25. The difference between the excise of \$1.70 and the protection of \$2.25 is 55 cents a gallon—that is, the protection afforded to our distillers in the manufacture of 3,000,000 gallons of spirit produced in Canada. \$1,500,000 is the protection that is afforded to them, which protection gives them a profit of \$1,500,000, which I say should justly belong to the revenue. How can that be restored to the revenue? By making the excise and the

duty exactly the same. The duty is \$2.25, and therefore there can be no objection from a smuggling point of view or any other point of view to raise the excise up to \$2.25. If you do that then the revenue will get the benefit of \$1,500,000 by simply taking off the protection that the distillers enjoy and putting it on the excise. There is just one simple operation by which the revenue might be restored without putting it on the sugar of the country. But that is by no means all. We have then in addition the import of wine—435,000 gallons, on which the duty is \$308,000. I have not gone into the protection on that at all. Then the duty on ale and beer is 16 cts a gallon if it is imported in casks and 24c a gallon if imported in bottles. The duty collected on that is so small that the revenue is virtually nothing, so little is imported. Then we come to the question of beer manufactured in Canada. If you treat beer exactly in the same way you produce identically the same results. We consume in Canada 18,000,000 gallons of beer made in the country. That is protected by 16 cts. a gallon. There is an excise on malt, which enters into the manufacture of beer of 1½ cts. a pound and there are about 4 lbs. of malt to a gallon of beer. Therefore the excise that beer pays is about 6 cts. a gallon. The protection is 16 cts. a gallon and the difference between the import duty and the excise is 10 cts. per gallon. Therefore the 18,000,000 gallons of beer produced in Canada is protected by 10 cts. a gallon. If that 10 cts. were turned into excise, instead of having a cent and a half on malt by putting 4 cts. on malt you will resuscitate the revenue by \$1,000,000 by that simple process.

Hon. Mr. MACINNES (Burlington)—Then we would be taxed all the same.

Hon. Mr. BOULTON—We are taxed on the 18,000,000 gallons of beer, but it does not go into the revenue. That is what I complain of. All we get out of beer, by excise, at the present time is \$1,000,000. The sale of beer is protected in the country by a protection of 16 cents. The brewers can, amongst themselves, arrange an increase of price of their beer, so that they get this full benefit of the 16 cents. Bring the distilleries and breweries under the keen competition that we, as farmers, have to pursue our industries upon, and without putting it up to 16 cents a gallon, by putting it only