

calculate for themselves; they knew there had been a great deal of expenditure—war expenditure and other expenditure—and they were wise in their generation and saved so much by the transaction; but certainly this 5 cents could not have been a warning to them that they were to be charged 30 cents.

Sir RICHARD CARTWRIGHT. No doubt the distillers were wise in their generation and the Government were not. The point I made was that, as it was perfectly clear as long ago as the early part of April that there would be a tremendously heavy expenditure in the North-West, and as it was perfectly clear to me, and I have no doubt to hon. gentlemen opposite, that the revenue this year and next year would fall short of the calculation, they ought to have known that it was desirable then to take precautions, and it is clear that by taking these ordinary precautions they might have caught these 860,000 gallons, which were taken out so unusually and needlessly in the month of May. It is quite clear that the Government, if they had looked beyond, might have saved this \$260,000, and that they did not do it because they were less wise in their generation than the victuallers. Everyone saw the facts. They were clear enough. I know that the effect of the notice given by the Minister of Inland Revenue was probably simply to intensify the fears of the distillers and call their attention a little more to the position they were in. I strongly suspect, from what I have heard, that several of them, at any rate, believed that this notice, when it came to be acted on would be reinforced by an additional duty, just as, in point of fact, has happened, and that is why they took it out; but it is clear that the same sources of information which were open to these distillers, and which induced them to take a million of gallons out of bond in May, were open to the First Minister and to his colleagues; and by exercising the same foresight and diligence as the distillers, we might have been better off by \$260,000.

Sir JOHN A. MACDONALD. There is something in the statement of the hon. gentleman, but not in the statement of the hon. member for Brant (Mr. Paterson) who said that the notice that 5 cts. was to be imposed proved that 30 cts. would be imposed. The line taken by the hon. member for South Huron (Sir Richard Cartwright) is quite different. His is a legitimate argument, but that was not the argument of the hon. gentleman behind him. Look at England. Just now, there has been a very large expenditure in the Soudan and in Egypt, and I do not think there was very great haste in Mr. Gladstone to put on the duties, and in fact the amount was expended a year before he thought of increasing the duty.

Mr. PATERSON (Brant). I am sorry that my views are so little considered by the First Minister. He is complimentary to the hon. member for South Huron, and of course we know he is always complimentary to that hon. gentleman. There is this remarkable coincidence to be observed that, coincident with this notice being given in May, there is \$1,000,000 more revenue derived from a class of men who are not in the habit of paying money to allow it to lie idle. If the 5 cents additional duty would not do it, then the prohibition of spirits being entered for a certain time after manufacture would tend in the same direction. The whole notice tended in that direction, and the Minister will not venture to say of his own knowledge that the distillers were not operated upon by that notice. To suppose that they had a hint given them that there was to be an increase would be to suppose something dishonorable in the working of the Department, and that cannot be tolerated. Neither can we suppose that this was caused by the war expenses, because the resolutions had been submitted in March and April and had passed without causing any alarm, nor was there any alarm until May, when this notice appeared. I say unhesitatingly, in my opinion, that it was

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that notice that led to the withdrawal of that amount of spirits from bond, and the withdrawal of that has led to a loss of revenue to this country of \$258,000.

Mr. MILLS. The hon. gentleman for Brant gave what, in his opinion, was a sufficient reason for this change in the revenue which induced the distillers to take a large quantity of spirits out of bond and pay nearly \$900,000 more than usual into the Treasury. The hon. gentleman for South Huron suggested another motive which may have operated. He is rather inclined to agree with the First Minister's view. The First Minister says that the distillers knew that there was a large increase in the public expenditure, that the Government must impose more duties and increase the taxation, and what more obvious than that an additional duty should be placed on distilled liquors, and in order to escape those duties they took this large quantity out of bond during the month of May. Well, the hon. gentleman says they were wise in their generation. Then how is it the Ministry were not equally wise?

Sir JOHN A. MACDONALD. We have heard of that before.

Mr. MILLS. No doubt he has, and the hon. gentleman may have heard it before he came into the House at all. It has been suggested that the distillers heard of it, too, and from official sources: that they derived their information from the Department. Now, there are three considerations presenting themselves. There is the consideration suggested by the hon. gentleman from Brant; there is the First Minister's statement, that these men say that the Government would probably increase the duties on liquors; and there is the third suggestion, that these men must have had information. They were not likely to pay \$870,000 into the Treasury in a month, beyond what they would have had to pay, unless they knew that the increased burden was going to fall upon them. The hon. gentleman admits that the 5 cents per gallon is not a motive that would have moved them to take that course. Then it is very doubtful whether the probabilities of an additional duty would have been a sufficient motive. There must have been something more certain, and that was private information that these duties were likely to be imposed. The hon. gentleman has given no sufficient reason for this course. If the Government intended to impose such duties, they were derelict in their duty in not making their proposition in May instead of July. How was it that the Government, knowing that it would be necessary to impose these duties, did not come down to Parliament in May and ask for power to impose them, and thus save the additional revenue that would have accrued? The hon. gentleman pleads that there was no dishonesty, no improper communication from the Department. Well, Sir, the hon. gentleman himself has told us—

Sir JOHN A. MACDONALD. I never said a word, one way or the other. I say that the hon. gentleman has no right to make such an insinuation, unless he can prove it. I can only tell him that the insinuation is altogether, in my belief, false and untrue.

Mr. MILLS. Well, Sir, there is the payment of \$870,000 which the hon. gentleman has not accounted for. There is some powerful motive operating upon the distillers. He says that the notice put by the Minister of Inland Revenue upon the Paper was not the motive which operated on these men. I ask him what it was, then?

Mr. BOWELL. The hon. gentleman, as remarked by the First Minister, had no right to insinuate that any person in the Department had given secret information to the distillers, unless he was prepared to prove it. He insinuated that either the Minister, or some other person in the Department, had given information which ought not to have been given. I repeat that no member of this House