

Mr. COSTIGAN. The hon. gentleman has charged the Government with having taken \$250,000 out of the pockets of the people.

Mr. PATERSON (Brant). Prevented it going in.

Mr. COSTIGAN. That is not consistent with the facts of the case. It is true that a proposition was made to provide for an additional 5 cents a gallon on whiskey. That was a distinct proposition to make up the loss we expected to sustain in allowing distillers the benefit of the shrinkage. It had nothing to do with the policy of increasing the Tariff. The hon. gentleman complained that in consequence of that notice, the distillers withdrew 800,000 gallons more than they would have drawn out under ordinary circumstances. Well, the most of what was taken out has gone into consumption, and on the small portion left we will lose the increased duty now imposed, 30 cents per gallon; but does the hon. gentleman pretend that any Government can control so closely the relations between the public and the Department, that the distillers may not draw out more liquor than is absolutely required for consumption.

Mr. MILLS. Hear, hear.

Mr. COSTIGAN. What does the hon. gentleman mean with his "hear, hear." Is there any signification in it or is it merely from habit. Does he approve or disapprove what I have said. What is to prevent the distillers, knowing that there was a probability of an increase in the Tariff, removing their goods in bond. They have simply shown their good judgment; no Government can prevent speculation of that kind. On the other hand, we find that except on the morning of the 6th May, no attempt was made to remove spirits. On that morning several applications were made to remove liquor from bonded warehouses but they were rejected and the duty will be collected on all these goods.

Mr. PATERSON (Brant). The Minister of Inland Revenue has given no explanation of the fact that there was \$860,756 more paid in Excise duty in May this year than in May of last, or of any of the previous years. The House went into committee in March, and it was then given to understand that all the Tariff changes that were to be made were then proposed. Who ever supposed Tariff resolutions would be introduced in March and not concurred in in July? It would be fairly inferred by everybody that, as soon as the resolutions were published, any article that escaped extra taxation would be held over until the next Session. The troubles broke out subsequent to the resolution, and it is strange that the fears of the distillers were not awakened until the time the Minister put this notice on the paper. Hostilities broke out in March, but their fears were not then aroused. How is it that at the time the Minister gave this notice, there was this sudden increase in the amount of goods taken out of bond and duty paid? The notice does not read that the increase of 5 cents was to cover shrinkage or evaporation; the notice was one that shrewd men would act upon, seeing that there was a probability of 5 cents a gallon being imposed. Whether the object was to bring in revenue for that month I do not know, but that these 860,000 gallons extra of spirits removed were for immediate consumption it evidently could not be, because that quantity is more than sufficient for three months consumption, and it would have remained in bond but for the action of the Government. The Government, if they had imposed their duty when they should, would have had 30 cents a gallon on these 860,000 gallons.

Sir RICHARD CARTWRIGHT. I think the least we can say about the matter is this: that there has been very great carelessness and laxity on the part of the Government with respect to imposing this duty. Every body knew well long before the month of May that the expenses

in the North-West were going to reach several millions; and, but for the fortunate fact that the rebellion was suppressed a good deal earlier than might have been expected, the expenditure would have been very much heavier even than the amount named by the hon. the Minister of Customs. Under these circumstances, it was the height of imprudence for the hon. the Minister of Inland Revenue or the Government, if they knew, as I conclude they must have known by that time, it would be necessary to provide additional ways and means, to give a notice which they must have known would have the effect of startling all the manufacturers through the country and inducing them to take all they possibly could out of bond. It is clear from what has since occurred that had the same ordinary vigilance been used at an earlier period as was used the other day, this \$300,000 would have gone into the Treasury. All through April we were in possession of facts which showed that the expenditure would be enormous, and it was not asking too much of the Government to have made up their minds then as to what they would do. It appears to me their object may have been twofold. I do not at all mean to say that they desired to give any benefit to the manufacturers of whiskey, but they did desire, I fear, to add largely to the revenues for the current year, without paying much regard to the cost at which it was done or to the effect on the future year. That I believe they did, and, without duly calculating the probable effects of their proposition, they gave on the 7th May this notice, which has to all intents and purposes resulted in a loss of about \$265,000. It is not evident, as the Minister of Inland Revenue says, that this need necessarily have gone into consumption. In the first place, 1,000,000 gallons is much more than a month's consumption. Our consumption every month is only about 200,000 or 300,000 gallons, and, without special disturbing cause, these distillers would never have paid in \$860,000, to which my hon. friend referred. So that falls to the ground. The whiskey has not gone into consumption, and besides, prior to May, the Government were in possession of information which would have warranted them in anticipating the necessary increase of taxes, and putting it on at that time, and they know very well, that, no matter what business was engaging the attention of the House, room and place would have been given to them at a moment's notice for the purpose of imposing this duty at any time. It is clear that very serious loss has been incurred by the public and by the Treasury which need not have been incurred. A little exercise of common prudence, a little exercise of common diligence would have enabled the Government to save this \$260,000.

Sir JOHN A. MACDONALD. It appears to me that the effect of the notice ought to have been quite different from what the hon. gentlemen opposite say. The notice given on the 7th May was quite clear, allowing an abatement on spirits and allowing the Governor in Council to add 5 cents on each gallon and to prohibit spirits being entered for duty for a certain specified time after manufacture. It is quite clear that the distillers were not frightened by the imposition of the 5 cents, and that they did not make a rush for the sake of saving that 5 cents. If we declare that we are going to put 25 cents on any article I think that would not be taken by the trade as a notice that we were going to put on 50 cents afterwards. It would rather be taken as an intimation that that was the amount of duty the Government intended to put on, and would have the effect of quieting the apprehensions of the manufacturers.

Mr. PATERSON (Brant). Why did it work the way it did?

Sir JOHN A. MACDONALD. To say you are going to put 5 cents on is not likely to alarm them with the idea that you are going to put on 30 cents. But they began to