

bacco imported from the United States has given rise to a new branch of business, which, I believe, is profitable. I would not desire to propose any measure that would be prejudicial to the business; more especially when we find, that instead of Canada being a continual importer of manufactured tobacco, she is now a large exporter. It is not desirable to interfere to stop this export trade. Therefore, the manufacturer of exported tobacco will be allowed a drawback. The export trade in this article, up to 1863, was nil.—In this year it amounted to 1,177,000 lbs., valued at \$348,000. Considering this question, as it relates to the export trade, it is important to know where the tobacco is sent to. An examination of the Trade and Navigation Returns shows us that 6-16ths only go to Great Britain, 9-16ths to the United States, and the remaining 1-16ths to the Lower Provinces. Considering the quantity of tobacco grown in Canada, I am sorry to be obliged to inform the House that, though I have made enquiries in the census office, I could find no column for it. However, in 1851, the quantity grown in Upper Canada was 777,000 lbs. and in Lower Canada, 443,000 lbs., amounting, altogether, to about 1,200,000 lbs. My own belief is, that there has not since been much increase on this figure. I prefer treating the product of Canada as an unknown quantity, in order to leave a margin against any over-estimate of the amount which is now in the country, and on which we propose to levy taxes. If we impose excise duties on tobacco, we must make allowance for falling off in the consumption of tobacco, and allow for frauds. We have in preparation a bill to prevent those frauds. The law will provide for what is manufactured tobacco, and what is not. Tobacco grown on a man's farm, for his own use, will not be considered as manufactured tobacco. In framing the excise on tobacco, we consulted the American law, and think it desirable to adopt the same classification. I will remark, in the first place, that manufacturers of tobacco will have to pay a license of \$25.

Hon. Mr. HOLT—Will that be uniform?

Hon. Mr. GALT—Yes; there are very few manufacturers—not many on a large scale. I would desire to collect the duty on tobacco tomorrow, if possible; but we don't possess the machinery. I propose to divide tobacco into four classes. The first class, which comprises four-fifths of that consumed in the country, will be taxed 10 cents per pound. The second class, which is the inferior kind, 4 cents; snuff, 15 cents; and tobacco, fine-cut, such as is used for chewing, 15 cents. As regards cigars, I will propose a tax, per thousand, as follows: Over \$10, and under \$20, \$2 per thousand; over \$20, and under \$30, \$3 per thousand; over \$30, and under \$40, \$4; and at \$40 per thousand, \$5. I estimate, from all those sources of revenue, that I shall get \$629,000. The changes in the resolutions on the subject of excise on spirits and tobacco, require that corresponding articles in the tariff of customs shall be dealt with in the way of increase. But looking at the matter with the fullest consideration, I am of the impression that it is better to impose specific duties on the various articles affected by the increase of excise than deal with them in any other way. (Hear, hear.) In addition to the

ad valorem duty on rum, cordial, spirits of wine and alcohol, not whisky or brandy, I impose a duty of 15 cents per gallon—I except ginger wine, which will pay 20 per cent. *ad valorem*. (Ginger wine is always used as a cordial, and is not to be considered as a spirit, there being very little alcohol in it. Constant complaints were made on the subject of there being 100 per cent. *ad valorem* duty on ginger wine. I will do this liquor justice, and will tax it no higher than sherry. (Applause and laughter.) In addition to the present duty upon brandy of 30 per cent. *ad valorem*, and on whisky a further specific duty of 15 cents per gallon, of the strength of proof.

Hon. Mr. HOWLAND—Do you propose an additional duty on wine?

Hon. Mr. GALT—No. I estimate the increase from whisky will be \$4,500; gin, \$5,500; rum, \$4,500; brandy, \$12,750, making a total of \$47,250. On cigars the additional duty will give an increase of revenue of \$20,000, making altogether about \$67,250, assuming the present consumption not to be materially disturbed. In regard to the drawback on ships, a very large amount of material passes through the Custom House yearly, and upon this material a very large sum in the amount of duty is refunded every year. I believe the subject engaged the attention of Hon. Mr. Holt, though I am not aware of the conclusions at which he arrived. In some cases fraudulent demands have been made on the Exchequer for drawbacks. The amount of drawbacks on vessels built in some parts of the Province is 74 cents per ton, while in Quebec it is 83 cents. I will now impose a payment of 80 cents for all parts of the Province in lieu of all drawbacks. With regard to the greater question of the change in the tariff of customs, I remain precisely of the same opinion I was in 1863, and I believe, moreover, and I am quite sure other gentlemen believe, that the changes which have taken place in the United States, and the great duties now imposed on the industry of their people have rendered it unnecessary to maintain as high rates of duty as regards competition with them. While I believe that a change in the way of reduction on certain articles is desirable, there are considerations which may be held to outweigh the immediate importance of dealing with these subjects this session. I must confess, when I view the way in which our credit has been shaken by the continuance of a deficiency every year, that it would not be wise in me to try any experiment in the adjustment of the revenue and the expenditure; the more especially as many months will not elapse before the experience of the country will be brought to bear on our proposed commercial measures. There is another question beyond that of the maintenance of our credit—I refer to the Reciprocity Treaty. I say, sir, when we look at the views of the people of the United States in reference to this Treaty, we find that the objections generally raised appear to be in consequence of alleged rise in the Canadian Customs' dues. This I know to be an erroneous view of the matter. The assertion that there was an understanding, tacit, not expressed, that American manufacturers should be allowed to import into Canada at comparatively low rates, cannot be admitted. The treaty is approaching that period when either party has a right to abrogate it. Congress has seriously