

concerned, American goods. They are placed in bond because the owner wishes to pay duty on them only as they are sold. If they are merely shipped through the United States in bond, they come through on a manifest.

Mr. PUGSLEY: It seems to me that my hon. friend is only explaining the practice. But that does not affect the treaty. It appears that this Bill has been prepared by the Commissioner of Customs—

Mr. REID: I was going to explain the other part of it.

Mr. PUGSLEY: But will the hon. gentleman allow me to ask an explanation of the insertion in the Bill of these qualifying words with regard to direct shipment when these words are not in the treaty?

Mr. REID: I have not consulted the Law Clerk but I would explain it this way: This states that when the goods come from the West Indies the duty shall be four-fifths the duty on similar goods imported from a foreign country. This is for the purpose of determining what the rate of duty shall be.

Mr. PUGSLEY: My hon. friend has not understood my question. He is aware that under Section 2 of the treaty it is provided that on all goods enumerated in schedule B, being the produce or manufacture of any of the above-mentioned colonies, imported into the Dominion of Canada, the duties of customs shall not at any time be more than four-fifths of the duties imposed on similar goods when imported from any foreign country. Now, why has the Commissioner of his department chosen to change that clause of the treaty and add the qualifying expression: 'When such goods are imported direct from any British country into Canada or taken out of warehouse for consumption therein if imported as aforesaid.' Bear in mind, these words of qualification are not contained in the treaty, though they are inserted designedly, with a view to making qualification that is not in the treaty. What I ask you is this: Why has the Commissioner of Customs thought it necessary to add these words of qualification to the words that have been agreed upon between the contracting parties which are contained in clause 2 of the Tax Treaty?

Mr. MACDONALD: I have read the treaty in connection with this matter, and I cannot find in it anything about the limitation of the British preference. The first part of section 3 provides:

There shall be levied, collected and paid, after the said agreement is in accordance with its terms brought into operation, and so long as it remains in force, on all goods

enumerated in schedule B to the said agreement being the produce or manufacture of any of the colonies parties thereto—

I would ask either of the two ministers who have been interested in the negotiation of this agreement whether in any clause of the treaty there is anything that provides for that being in the Bill?

Mr. REID: For what being in the Bill?

Mr. MACDONALD: Anything about the limitation of the duty to be paid in connection with the British preference.

Mr. REID: I am not referring to the British preference at all.

Mr. MACDONALD: I am raising this point in addition to the one submitted by the hon. member for St. John, who has shown something in the Bill which is not in the treaty. I cannot find in the treaty anything regarding this provision for limitation in respect of the British preference.

Mr. REID: In what clause?

Mr. MACDONALD: Clause 3, the one we are now discussing. I am asking the two ministers if they can show me what clause of the treaty provides for the inclusion of any such section relating to the British preference.

Mr. LEMIEUX: In order to show that every commercial treaty is binding, let us remember the occasion of the French treaty, which had to come back to the House because it happened that the Minister of Customs had given to the French authorities blue-books which did not contain the name of one of the countries receiving the benefits on some of the articles of the most favoured nation clause.

Mr. GUTHRIE: Just one word pertaining to the discussion of the point raised by the hon. member for St. John, to the effect that the words 'when such goods are imported from any British country into Canada,' do not appear in clause 2 of the agreement itself, but do appear in clause 3 of the Act under discussion. Last summer I saw in a New York paper a statement to the effect that it was probable that New York merchants could take advantage of the terms of the proposed agreement. The article contained the further allegation that trade agents, either of some government or some large trading house, had visited the various legislatures of the West Indies with a view of defeating the Bills which were proposed for the purpose of carrying out the agreement. A good deal of interest was manifested by the papers in New York at that time, and I remember that statement in particular, I think it must have been some time in July or August. I do know, however, that in the Barbadoes the question came up for discus-