

this particular article. But, as the hon. gentleman is well aware, the experience of United States authorities led them to doubt whether it was quite safe to have the duties upon whiskey more than about \$1 per gallon. They had it as high as \$2 per gallon—

Mr. BOWELL. That was a war tax.

Mr. SCRIVER. It was \$3, I think.

Sir RICHARD CARTWRIGHT. Was that paid in currency? They made a series of experiments, and tried to reach the highest revenue producing point, which they finally concluded to be something like a dollar. Now, the hon. gentleman, in putting this on, has no doubt made himself more or less acquainted with the possibilities of our increasing illicit distillation. At one time there was a good deal of danger that that would be on the increase, but whether it be due to the vigilance of the Inland Revenue Department or to the spread of temperance principles I am not prepared to say, but I believe of late years the Department has not been much troubled with illicit distillation. Still there is always an additional risk if you largely increase the duty on whiskey. Has the hon. gentleman anything to say on that particular subject as to the present condition of illicit distillation of whiskey throughout the country?

Mr. BOWELL. Perhaps the Minister of Inland Revenue would be able to give more information on that point than I can; but my impression is, as the hon. gentleman says, that we have not been so much troubled of late years as formerly. When the Excise duty was much lower than it is now, there was quite as much illicit distillation as there has been of late, the vigilance of the officers having been such as to almost prevent the possibility of its going on. Now and again a still has been discovered in somebody's cellar, but the quantities manufactured have been very small.

Sir RICHARD CARTWRIGHT. Of course there is the risk also—although it is not by any means so serious, I believe—of smuggling from the United States to be taken into account. Now, I would like to know what decision the Government have come to with respect to certain large sums of money which have been lately tendered them in payment of duty. I understand that within the last few days as large a payment as \$340,000 was tendered by one firm, the firm of Gooderham & Co., in Toronto. It was stated that the Government had decided to refuse all payments of duty. I would like to have an authentic statement from the Minister of Customs on that point.

Mr. BOWELL. When I moved that the House should go into committee two or three days ago, I was about to rise to make the statement, but the hon. leader of the Opposition rose before I could get the floor, the late debate intervened, and so I was prevented from making the statement. But as soon as the House was moved into Committee of Ways and Means, I instructed the Commissioner to take the usual precautions and the telegraph offices were taken possession of to this extent, not to send anything over the wires affecting the Tariff; and as it was proposed that the resolutions should take effect on and after the 6th of the month, the tenders of entry to which the hon. gentleman has referred come under the provisions of the law, and the parties will have to pay the duty.

Sir RICHARD CARTWRIGHT. There is another matter to which I regret to have to call the attention of the Government and the House. I saw in the newspapers also—though I have no personal knowledge of the subject—the statement that the bonded warehouses in the Province of Quebec were pretty nearly cleaned out before the change, whereas they were not elsewhere. If that should turn out to be correct, it would seem as if there had been

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leakages somewhere, by which some party had profited. Can the hon. Minister say what he knows with respect to that?

Mr. BOWELL. I have not heard of the rumor that the warehouses in the Province of Quebec have been emptied. What I have heard is that certain parties in that province telegraphed to a distiller in Prescott to draw upon them to pay the duty upon a certain number of cars of whiskey and to ship it. Of course if that were done it would come under the meaning of this provision, and the distiller would have to pay the full amount of the duty. Whether the warehouses to which the hon. gentleman has referred are empty or not, I am not able to say. We have no knowledge of it in the Customs Department, although I may frankly tell the hon. gentleman that I had made no enquiry into that yesterday or to-day, as after sitting in the House until four o'clock in the morning, I had not time.

Mr. COSTIGAN. I may state for the information of the hon. gentleman that I have received telegrams from all parts of the Dominion complaining that that privilege was refused.

Sir RICHARD CARTWRIGHT. Will the Minister of Customs or the Minister of Inland Revenue acquaint us at the next stage with the facts of the matter as shown by the returns. They could very easily give us the quantity of spirits in bond in the Province of Quebec, say on the 1st of July, and also on the morning of the 6th.

Mr. BOWELL. We will do so as far as possible. The hon. gentleman knows that the returns are only made quarterly to us, and we shall have to make special application to the different ports for the information. I can ascertain from the principal ports.

Mr. PATERSON (Brant). There is a matter in connection with this increased duty on spirits as to which I think the committee are fairly entitled to have some information. It seems to me the whole course of the Government with reference to this matter has been one of the most extraordinary it is possible to conceive of. During the month of May the Minister of Inland Revenue put a notice on the Order Paper, stating among other things that it was his intention to introduce resolutions, one of which was to ask the House to give the Governor in Council power to impose an additional duty of 5 cts. a gallon on spirits. What was the result of that notice? In the month of May no less than \$1,140,970 were paid in Excise duty on spirits, while in the corresponding month of the previous year but \$280,217 were paid. It would appear that, by the notice given by the Minister of Inland Revenue to the manufacturers of spirits in this country, 860,756 extra gallons of spirits were taken out of bond; and now the Government come down with a proposition to impose 30 cts. a gallon increased duty on whiskey. Now, what has the Government, through the instrumentality of the Minister of Inland Revenue, done? By giving that warning they have deprived this country of the revenue of 30 cts. a gallon on 860,000 gallons of spirits; in other words, the country has lost \$250,000 of revenue; and for whose benefit? For those who consume the whiskey, or for the general public? No, but for the benefit of one or two distilling firms in this country. That has been the result of their operation, and it is certainly the most remarkable piece of legislation that I think has ever been brought before the Canadian Parliament. If there had been no notice given to those distillers, as following the precedents there should not have been, but if this matter had been dealt with as the Minister of Customs is now dealing with it, when after the horses are stolen, he takes credit for having taken possession of the wires and not allowing the distillers to get any benefit from the change, as they did before, the country would have been the gainer to the extent of \$250,000.