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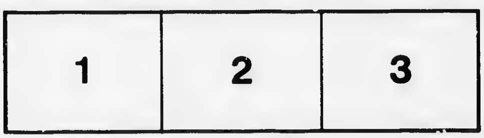
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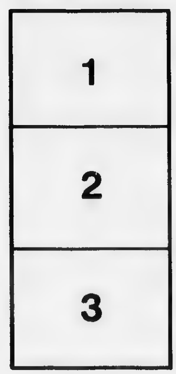
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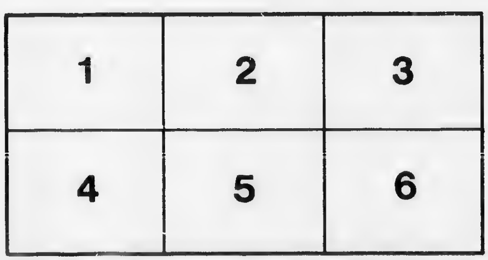
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THE CANADIAN TARIFF ON SUGAR.

MONTREAL, 1864.

THE

CANADIAN TARIFF

ON

SUGAR.

MONTREAL.

PRINTED BY J. C. BECKET, GREAT ST. JAMES STREET.

1864.

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CANADIAN TARIFF ON SUGAR.

The following pages are written in the hope that a brief statement of facts will tend to remove much prevailing misconception on the important and intricate question of the Sugar Duties.

The following points are briefly considered:—

1st. The different varieties of Sugar and their relation to each other.

2nd. How it may be taxed, and the consequences to the consumer, Manufacturer, and Revenue.

Importance of the Question.

1. Sugar, formerly only a luxury, is now in as true a sense, a necessary; not only an agreeable addition to food, but a food itself, serving an important end in the support of life; of great and growing importance to the commerce, industry and revenue of most nations, no apology is needed for a brief exposition of the important influence which a Tariff may exercise on it. (Note A.)

Great variety of Sugars in the Market.

2. A late English Sugar Circular enumerates no less than 76 different qualities and varieties of Sugar as on sale that day in the London market, and as it quoted only the highest and lowest priced of each kind, the number is really much greater.

The price ranged from 34s 6d sterling to 50s; the best being thus worth 68 per cent. more than the lowest. (Note B.)

A. "I believe it may be said with probable truth that next to the subject of corn, the question of the sugar duty is, to the mass of the people, of the greatest interest."—Speech of Mr. Gladstone on the Budget.

B. Circular of Messrs. C. & C. J. Coles, 86 Great Tower St., London.

Really only two kinds of Sugar.

3. All these 76 varieties contain only two saccharine substances.

The first, crystallizable Sugar, and found pure as refined loaf, the other, uncrystallizable Sugar, and known as Molasses or Syrup.

Composition of all "Raw" Sugar.

Every kind of Sugar, whether known as Muscovado Sugar, Raw Sugar, or Clayed Sugar, whether the produce of the East or West Indies, of Brazil, Madras, China, or Cuba, is composed of these two kinds, in varying proportions.

As may be expected there are impurities present in all, the result of imperfect manufacture, ranging from two to ten per cent., or even more.

Good "Raw" Sugar

A good quality of Muscovado Sugar contains in 100 lbs. weight, 80 to 85 lbs. of crystal, 10 to 15 lbs. of Molasses, and 2 to 5 lbs. of dirt.

Inferior Raw Sugar.

An inferior quality of Sugar contains 50 lbs. of crystal, 40 lbs. Molasses, and 10 lbs. dirt. (Note C.)

Molasses much less valuable than pure Sugar.

4. Since pure crystallizable Sugar (Loaf Sugar) is worth between three and four times as much per pound as Molasses, the market value of any sample of raw Sugar, is directly dependent on the quantity of each contained in it, and the problem submitted to every buyer, is to estimate these proportions.

Consequent value of a mixture of the two.

Experience has long settled this point, and decided on the general rules of this estimate, inspection being a simple and reliable guide.

A strong Sugar is one rich in crystallizable matter, a weak Sugar, one containing a large proportion of Molasses

The price of any Sugar therefore is generally the best estimate of its strength.

C. It was well known that various sugars contained widely different quantities of saccharine matter, some as much as 96 per cent., others only 60 per cent. —Speech of the Hon. Mr. Cardwell, Secretary for the Colonies, April 15.

Tax on Sugar, its amount.

5. Sugar is a favorite object of taxation, the English duty was 50 per cent., and is now about 33 per cent; the American is now about 70 per cent., and the Canadian 50 per cent. on the original value.

It will readily be believed that such a heavy impost must be keenly felt, and that any inequalities in its application must react powerfully on the manufacture and consumption.

Duty on Refined Sugar everywhere much greater than that on Molasses.

6. Refined Sugar at one end of a scale of qualities, and Molasses at the other, the one nearly four times as valuable as the other, must in justice be charged very different rates of duty, and this principle is so obvious, that it is acted on in practice in every Tariff in the world.

The duty on Raw Sugar justly ought to lie between these.

It is not less just, but not so generally comprehended, that all intermediate grades between these extremes, the "Raw Sugars," which, as we have seen, are mixtures of varying strengths, ought to be charged intermediate rates of duty, ranging between the Refined Sugar duty and the Molasses duty, proportioned to their strength. In other words, the Sugar which can be got out of those mixtures, ought to pay the Sugar duty; the Molasses, the Molasses duty; while the foreign matter, equally valueless to the consumer and the manufacturer, is not an object to be taxed at all.

The Canadian Sugar Tariff, its amount.

7. The Canadian Sugar Tariff is a compound one, 10 to 15 per cent. being *ad valorem*, and about 40 per cent. in specific rates.

These specific rates are three in number:

Specific rates.

First, a rate on Refined Sugar.
Second, a rate on Raw Sugar.
Third, a rate on Molasses.

Of these, the two lowest must evidently have a wide range.

The wide range of qualities embraced by each rate.

The Second, or the Raw Sugar rate, applied to the London Sugar market, would include not fewer than 70 different qualities, varying so much in value, that 2 lbs. of good are worth 3 lbs. of inferior "Raw" Sugar.

. The third, or the Molasses rate, as applied in Canada, is even more comprehensive, as the best and worst Molasses are charged the same specific duty, and the finest Syrups made in New York refineries are admitted at the same rate

Consequent injustice.

8. The system is manifestly wrong in principle, and in practice it affects the threefold interests of the Consumer, the Manufacturer, and the Revenue as follows:

1st, The Consumer.

The consumer of a cheap Raw Sugar, or a common quality of Molasses, has to pay a much larger proportionate share of the tax than the consumer of a good quality of either. We have seen that 3 lbs. of a low Sugar are worth only as much as 2 lbs of good Sugar, and consequently the 3 lbs of low Sugar ought not to pay more duty than 2 lbs. of the better. (Note D.)

It is clear that to charge the same duty on the two qualities is to overcharge the poor, and to undercharge the better; that to charge a good Sugar less than its share, is to force the inferior article to contribute an undue share of the impost, and to enhance the price to the poorer consumers.

2nd, The Sugar Manufacturer.

Sugar refining is essentially a process of separating. Modern appliances enable the refiner to

D. "Resolved,—That it is the opinion of this Committee—1st. That the amount of Revenue now derived from sugar could not, with justice to the consumers of the lower classes of sugar, be raised by any uniform duty applicable to all classes."—Report of Select Committee, English House of Commons.

take a common Raw Sugar, free a large proportion of the crystallized Sugar from the Molasses with which it is mixed, and it becomes refined; to separate impurities from the remaining Molasses and it becomes Syrup.

The case of the Sugar manufacturer was put so plainly by the English Chancellor of the Exchequer in introducing his budget, that it is sufficient for our purpose to quote his illustration.

Shewn on Mr. Gladstone's authority.

Mr. Gladstone's figures applied to Canada stand thus:

200 lbs. weight of Jaggery, a low East India Sugar, if imported into Canada would be charged with a duty of 2c. and 10 per cent. amounting nearly to $4.60.

The same quantity refined elsewhere and the total products sent here would pay on

100 lbs. Yellow Sugar	$2.50
80 lbs. Syrup 7 gallons	70
20 lbs. of dirt being lost in process.	
	$3.20

The Canadian refiner on his raw material would therefore pay $4.60 duty.

A foreign refiner on his refined products from the same article would pay $3.20.

The difference of one dollar and forty cents per 200 lbs., is a bounty to refine this Sugar *out of Canada.* (Note E.)

Effect of unjust Tariff on revenue

9. It would seem to matter nothing to the revenue whether it receives a certain sum in duty from one cwt. of refined Sugar, or from two cwts. of the raw Sugar required to make it.

A revenue from "Refined" Sugar would not enrich the exchequer, as that from "Raw" would

E. See Mr. Gladstone's Speech on the Budget, *Line* 275.

correspondingly diminish, and it could moreover only be got by repressing the manufacture in our own country. This in fact is the effect of our present law, which by discouraging the importation of cheap Sugars, offers a premium to their purification abroad; partial refining being carried on in all Sugar growing countries.

Consumption.

It may be further asserted that a law which shuts out an extensive class of Sugars, cannot but exert a strong reflex influence on the trade and consumption of the country. (Note F.)

Let us examine this point.

English consumption.

In 1861 England imported and consumed 9,156,000 cwts. of Sugar.

Of this amount

2½	per cent. nearly	was Refined Sugar,
½	"	Best description of Raw,
44	"	Medium quality of Raw,
55	"	Lowest description of Raw.

Over one half of the total importation into England therefore was of the lowest class of Sugar, which, in consequence of our tariff, cannot be bought at all for this market. (Note G.)

It might not be safe to say that it is a direct result of our policy, but nevertheless the startling fact presents itself, that the consumption of imported Sugar in England is more than twice as much per head as in Canada.

F. A tax on sugar being unfortunately necessary, their duty was to provide such a mode of levying the tax as would leave all producers in as relatively equal a position as they would have been had there been no tax at all.—Speech of Mr. Cardwell.

G. Evidence of Sir Thomas Freemantle, Chairman Board of Customs—Blue Book, Nos. 16 and 17.

The statistics of the trade are:

1851 to 1861.

CONSUMPTION OF SUGAR IN ENGLAND.

Year.	Quantity consumed in cwts.	Population.	Average, per head
1851	6.571626.	27.529.000	27 lbs.
1852	7.172.858	27.570.000	29 "
1853	7.487.589	27.663.000	30 "
1854	8.332.407	27.788.000	34 "
1855	7.547.157	27.899.000	30 "
1856	7.071.515	28.154.000	28 "
1857	7.419.518	28.359.000	29 "
1858	8.746.496	28.566.000	34 "
1859	8.884.299	28.774.000	35 "
1860	8.771.996	28.984.000	34 "
1861	9.180.986	29.196.000	35 "

1851 to 1863.

*CONSUMPTION OF SUGAR IN CANADA.**

Year.	Quantity consumed in cwts	Population	Average per head.
1851	128.307	1.777.736	8 lbs.
1852	198.374	1.842.265	12 "
1853	223.163	1.905.035	13 "
1854	290.545	1.971.808	16½ "
1855	374.189	2.038.961	20½ "
1856	325.236	3.110.473	17¼ "
1857	250.348	2.183.425	13 "
1858	253.519	2.258.902	15⅓ "
1859	306.064	2.336.991	14¼ "
1860	256.631	2.417.783	11¾ "
1861	371.981	2.501.370	16½ "
1862	414.595	2.587.915	18
1863	352.259	2.677.456	14¾ "

Maple Sugar not included, estimated to amount to less than 6 lbs. per head in addition.

Compare these Tables. (Note H.)

In England, the consumption is now over 35 lbs. per head per annum.

In Canada, less than 21 lbs. per head per annum.

We have seen that our Tariff prohibits the Im-

* The consumption in Canada is made up from Trade and Navigation Returns, the stock in bond at the beginning of each year, being added to the quantity imported, and the stock in bond at the close, deducted

H. His hon. friend's third proposition was, that the effect of the graduated system was to limit the supply. Now, he had before him the statistics of supply, and he found that during 1853, the last year of the old scale, the total supply of sugar was 7,487,000 cwt., while in 1861 it had risen to 9,180,000 cwt. The proportion of consumption per head on the population had risen in the same interval from 31 lb. per head to 35 lb. per head.—Hon. Mr. Cardwell.

portation of all poor Sugar, by burdening them with excessive duty; and it seems no unreasonable conclusion, that our limited consumption is largely due to this cause.

An ad valorem Tariff.—its effect.

10. An *ad valorem* Tariff will more frequently fulfil the conditions of a just Tariff than any other.

Under it, each of the many grades and varieties of saccharine matter will bear its due share of the burden, and every class of consumers contribute in fair proportion to the Exchequer.

It has this further advantage, that it is intelligible to all, and is in accordance with the spirit of the rest of our Tariff.

The objection usually urged against it—that it is from its nature variable—being high when Sugar is high, and low when it is cheap, is true so far as it goes; but not more so of Sugar than of any other article taxed by our Tariff.

A Specific Tariff of few classes most unequal in operation.

11. A specific Tariff can only approximately be an equitable one. We have seen that with few classes it can prove most unjust in its operation; that each class must in this case include a large number of qualities, and that between one class and the next the difference must be great.

A specific Tariff of many classes much nearer a just one.

A specific Tariff ought to embrace a large number of grades, each applying to a limited range of qualities, and each consequently differing little from that above or below itself.

Not only is the justice of a specific Tariff increased as the number of grades is increased, but its application in practice, and its administration by the Customs are also thereby simplified. (Note I.)

1. With reference to the *addition* of another grade to the English scale.

1. *Question.* "You do not anticipate any increased difficulty to the Customs? *Answer.* None at all.

Evidence of Mr. Frederick St. John, Surveyor General of Customs, B. B., 3665.

2. "The intermediate duty would facilitate the assessment of the duties, be-

12. No question of "Free Trade" or "Protection" has hitherto been touched on, an equal *ad valorem* charge on all qualities, or a specific Tariff of many grades, varying in proportion to quality, being strictly in accordance with "Free Trade," but it is necessary to say one word on the subject. (Note J.) No "Protection" involved in either.

We do not propose to discuss the merits of the rival systems, each has its advocates, and no doubt each has its merits, probably in this as in most matters, moderate opinions are safest, and the true course lies between extremes. "Free Trade" or "Protection"

It does appear not unworthy the attention of any nation to foster the early growth of a manufacturing population within its borders. The "Laissez faire" system is clearly better suited for a strong nation than for one in a condition of commercial and manufacturing nonage.

Let it not be forgotten, that our manufacturers have been burdened with a heavy charge in customs duties paid on all imported machinery and apparatus.

Some principle, definite, and uniformly applied, should guide our fiscal policy. (Note K.) One or the other.

While our manufacturers of Cotton, Wool, India Rubber, Machinery, Tobacco, and other articles have a protection, varying from 20 to 40 per cent., their raw material being admitted free,

cause the difference between the two rates would not be so great."—Sir Thomas Freemantle, 6565--7.

3 The present scale of duties in respect of its graduation is just, so far as it goes; if it went further it would be more just; if it went much further it would be much more just.—Alfred Fryer—1891-5.

J. But the true free-trade doctrine was in favour of duties so proportioned to the value of the article that that article should come here with the same relative facility as if there had been no duty at all.—Speech of Mr. Cardwell.

K. It did not occur to the Committee that the British refiner was a person of whom they ought to be peculiarly jealous, for under a system of perfectly free trade, raw cotton came from India to be manufactured in England, and copper was brought from the regions where it was found, to be smelted in Wales.—Speech of Mr. Cardwell.

and manufactured goods charged *ad valorem* duties to that amount, some concession in a similar direction is justly due to the Sugar trade.

Gross injustice of a partial application of "Free Trade." English Chancellor of the Exchequer's opinion.

Speaking of Free Trade, Mr. Gladstone says: "Our system is a system which is grossly unjust, unless it is uniformly and universally applied. It would be monstrous to say to any branch of industry or class of British producers: 'We will expose you to Foreign competition,' unless we likewise say to them; 'All you want at home we will take care you shall have on the best terms that we can get,' that is the principle of justice." (Note L.)

Conclusions.

From the preceding statements may be derived:

1st.—Common justice requires that our tariff be wholly Free trade in principle, or wholly or uniformly protective.

2nd.—To charge a good and a low quality of Sugar or Molasses the same duty, is to injure the consumers of the inferior quality—to prohibit the importation of a large proportion of the Sugar production of the world—to limit our own manufacture of the Article, and stimulate it abroad—and all this not only without benefit, but with positive injury to the revenue.

3rd.—That the change required in our present Sugar duties is an addition to the present specific grades, embracing the lower qualities, and charging them lower rates, or the substitution of an *ad-valorem* tariff for the present one.

L. Speech on the Tariff. April 7th, 1864.

MR. GLADSTONE'S SPEECH ON THE TARIFF,

SO FAR AS

RELATING TO SUGAR,

Delivered in the English House of Commons,

April 7th, 1864.

In my clear judgment, and that of all my colleagues, the first claim is that of the article of sugar. (Loud cheers.) I need scarcely remind the Committee of the enormous importance of that article. I believe that in its importance to the comforts of the people it may be said to be the next to corn. (Hear, hear.) *I believe it may be said with probable truth that, next to the subject of corn, the question of the sugar duty is, to the mass of the people, of the greatest interest.* (Hear, hear.) That duty was raised for the purposes of war, and the principal part of what was then imposed has never been removed. We have had at various times claims more expedient, more urgent, with reference to the general wants of the people; but I know of no such claim at the present moment. (Hear, hear.)

We propose, therefore, to the Committee, to make a considerable change and reduction in the sugar duties. There is but one considerable objection as far as I am aware, and that is, that at the present moment, we are labouring under a sort of quasi scarcity in consequence of increased price. At the present moment there is an increase of from 8s. to 10s. per cwt. over the prices of 1863. That is a considerable augmentation, and it is 6s. per cwt. above the price of 1861-2. Perhaps, we may say that that represents the excess of price above the fair average level of prices. I wish to present this observation to the Committee, that in the case of sugar we can hardly say that the existence of this partial and relative dearness is a reason for refraining to legislate.

In a case like that of tea it might be so, because in the case of tea, in the first place, you are dependent upon one source of supply, and you are yourselves the great consumers of the world, exceeding all other consumers in so great a degree that what you can hope to draw from them by giving peculiar inducements in your markets at a given moment, would be a comparatively small supply. But that is not the case with regard to sugar. Our consumption, vast as it is, is comparatively small in reference to the total consumption of the world. Sugar is produced in a multitude of countries, it is sent to the multitude of markets, and the consequence is, that if at a particular time the supply be diminished, an alteration in our law, made at that peculiar crisis, has the effect of attracting to the markets of this country a large quantity of sugar which would otherwise find its way to other countries, and consequently of mitigating any inconvenience we might feel. It may be said that increased price has done its work, and very considerably restrained consumption; and that, consequently, the stock on which we have to operate, offers to us a by no means unsatisfactory prospect. On the last day of February, 1862, the stock of sugar in the country was 1,707,000 cwt.; in 1862 it had risen to 2,038,000 cwt., and in 1864 it was 2,272,000 cwt., so that as regards stock, we are actually in excess over preceding years, and it is only what is known with respect to the late crops which makes us apprehend that on the whole we cannot have an abundant supply.

I come now to the subject which is the most formidable part of my task. I have said that we propose to deal with the sugar duties. How are we to deal with them? There arises here a question which is grave in two senses—it is grave in the sense of being important, and it is grave, also I am afraid, in the sense of being dull. The question whether sugar is to be taxed in uniform or classified duties, is one of great fiscal moment and great importance to an immense amount of trade and breadth of cultivation throughout the world. I am bound, therefore, to treat it as thoroughly and conclusively as I can. On the other hand, it is a subject which, as to details, abounds, I may say, in every element of repulsiveness. It is bad enough to talk about "Muscovado," "treacle," and "molasses;" it is a great deal worse to talk of "Dutch numbers," "glycose," "core," and "jaggery" (laughter), and that is the technical phraseology of the sugar duties. I will endeavour to avoid it as much as I can, and to state, intelligibly, the views of the Government on the subject.

At present we have classified duties upon sugar—approved by many—a scandal and offence to many more. Now, I am not able to deny, that a classified duty has been the growth of experience. When the sugar-market of this country was the monopoly of the colonial producer, we had a system of uniform duty. *That system of uniform duty was gradually modified and departed from in proportion as our market was opened to all the sugars of the world, and as we found that we had to deal with a multitude of varieties of classes of sugar, of which previously little or nothing had been known, I am not able to say that this system of classified duty has been condemned by experience.*

Let us look at the consumption of sugar per head of the population. In 1841, which was, however, a period of relative scarcity, the consumption of sugar was, 17 lbs. per head. In 1851, when there had been a change to a period of almost entire free trade, the consumption had risen to 26¾lbs. per head. In 1861 we had been for ten years under the operation of this classified system, but Parliament had not had it in its power between 1851 and 1861 to give the consumer any such signal and decisive boon as it had conferred between 1841 and 1851, yet the growth of consumption had by no means stopped, but it had increased from 26¾ to 35¼ lbs., and in 1863—although that was a year of scarcity—it had increased to 35¾lbs. per head.

COBDEN'S OPINION OF CLASSIFIED DUTIES.

Neither can it be said that the system of classification has been condemned by authority. I speak in the presence of the hon. member for Rochdale, who, among living men on a question of free trade, has not only a right to be heard, but to claim the first place. (Hear, hear.) He has been manfully challenged by his constituents—I am revealing no secret now, but only repeating what I have seen in the newspapers—and he has answered them like a man.

His answers is to the effect that it is his opinion that ad valorem duties, or an approximation to that system, are not in point of principle to be condemned. I say in point of principle, because in the application of that principle to practice there are several considerations which must govern our proceedings.

On this question the authority of the *Economist* is, everybody must admit, very high, and, indeed, independent of the *Economist*, the literature on the subject has been perfectly enormous. (A laugh.) To keep abreast of that literature, I laboured and struggled as long as I could, and until within the last fortnight, with entire success. Up to that time, I believe, I conscientiously placed myself on a level with the press of the country, so far as the sugar duties are concerned, but the last fortnight beat me hollow (laughter)—without preventing me at the same time from seeing the very able publication of Professor Leone Levi, of King's College, who without being actuated by any bias on the subject, distinctly affirms the principle of a classified duty on sugar.

Speaking in this House, however, I may allude to an authority on the question to which it will perhaps be deemed more to the purpose that I should refer. A select committee was appointed on the motion of my hon. friend, the member for the city of London, which was constituted with great care, and which was presided over by my right hon. friend now the Secretary for the Colonies, and that committee, after a patient and impartial investigation of the question under their consideration, pronounced distinctly in favour of the present system of classifying sugar.

Nor is that all, for last year we had what may be called an international discussion on the subject. Chosen officers from the countries most interested in the sugar trade—namely, England, France, Belgium, and Holland—met in Paris to discuss the matter;

and not only did the representative of England find no reason to recede from our system, but the representative of France, and also, I think, the representative of Holland, actually came to the conclusion that they would do well to abandon the uniform duty and come over to the system of classification.

Now, so far as authority is concerned, that is, I think, a very considerable mass to which I have referred, we are, however, told that classification is protection, while on the other hand the West Indian colonist says: "No; classification is not, but uniformity is protection." Well according to the old proverb, "Give a dog a bad name," it is, I confess, somewhat satisfactory to find that you have nothing to do but to fasten on any doctrine the name of "protection," in order to demonstrate to any reasonable man that you have brought against a particular proposal the worst and most conclusive charge to which it is open. ("Hear, hear," and a laugh.)

ANALOGY OF THE TEA DUTIES.

But there is another argument against classification drawn from the analogy of our tariff, and the mode in which we deal with other articles. It is said, "You never dream of imposing different duties on different qualities of tea, and why should you do so in the case of sugar?" The fact, however, is, that we did impose different duties on teas of different qualities, and that we abandoned that system, not because it was false in point of principle, but because, from the nature of the commodity itself, the principle was found inapplicable in practice.

But is it true that uniformity is the general characteristic of our tariff? That tariff, I am happy to say, now reaches such moderate dimensions that it is not easy to produce instances of the soundness or unsoundness of the view taken upon the one side or the other on this point. The instances, however few, are nevertheless almost all in favour of classification.

ANALOGY OF THE WINE DUTIES.

The wine duty is a rude and partial and very far from being a consistent approximation—but still in a degree it is an approximation—to a duty on value; for there can be no doubt that upon the whole the light wines are much cheaper than the stronger.

COFFEE.

Take the case of coffee; when it comes here in its raw state it pays a duty of 3d. per lb.; when roasted the duty is 4d., and this instance is particularly applicable to the case of sugar, on which if you impose a greater duty in its more manufactured state you are accused by some of being guilty of the high crime and misdemeanour of protection.

COCOA.

Again, what do we do with respect to cocoa? When the pure raw material comes into our market we lay upon it a tax of a farthing per lb.; but when it has gone one stage further, and the husk is removed, the charge is raised to 1d.; and cocoa paste we tax at the rate of 2d per lb.

CORN.

The duty on corn is a shilling a quarter, and we are now about to levy upon it 3d. a cwt.; but on flour, which is corn rid of a certain portion of refuse, we impose 4½d. the cwt.

WOOL.

There is also the case of wool; the raw material pays a shilling a load, but let it be sewn up in bales before it comes here and it pays 2s. a load. That being so, it will be seen that the analogy drawn from the tariff is completely in favour of the system of classification.

PROPOSED PLANS.

Let us now look at the plans proposed. The House has, I know, a peculiar aversion to deal with any question in respect to which there are three courses which it is possible to follow. (A laugh.) I am extremely glad, therefore, to be able to say that in the present instance there are four. (Laughter.) The plans suggested are these:

First.—One is to have two rates of duties, one on refined sugar and another on unrefined. Refined and unrefined, however, are not the only categories with which we have to deal, because both these descriptions come under the head of solid sugar. There is besides these a class of sugar which, in unscientific language, may be specified as liquid, and which comes under the class of either milado or molasses, and there are those who say, "Let us have one duty for refined, another for unrefined solid sugar, and a third duty for liquid sugar."

Second.—Another plan is to have one rate of duty only on refined and unrefined, but still to have another rate for liquid sugar.

Third.—A third plan is, to have one rate of duty only for both solid and liquid.

Fourth.—And a fourth, to adopt a system aiming at an approximation of value, upon the principle of the existing system, without adhering altogether to its details.

Now I beg to throw overboard, in the most ruthless manner, the two first of these plans. It appears to me that the advocates of a uniform rate have not—to use a homely phrase—"a leg to stand on" when they draw a distinction between refined and unrefined sugar. I am confident that the proposal to compound together all classes of unrefined sugar, but still to recognize a distinction between them at a particular moment when the article becomes refined, cannot be upheld. I reject in the same way the distinction sought to be drawn between solid and liquid sugars. When it becomes the interest of a man to narrow the line between these two classes the only difference being that the one contains more moisture than the other, you will not be able to mark the distinction between them. One principle governs the whole matter. *If you are to have a uniform duty, it must be on the footing of a principle which will cover alike the cane juice as expressed from the cane, and the refined sugar consumed at the tables of our families.* The question, therefore, really lies between a uniform duty and a classified duty founded on the principle of the present scale.

How, then, do we deal with the point? I deal with it in the first place by making an admission. I do not contend that the present scale is a perfect one. Though authority is in favor of the principle of the present system, yet the Government would not, I admit, be justified in sheltering themselves under that authority, particularly when it is borne in mind that it was pointed out by a committee that the existing scale operated unjustly at two points. It constitutes a *prohibitive duty on the lower descriptions of sugar which may come here* to be refined for consumption, and operates severely, also, on the higher descriptions of unrefined sugar which come from the Mauritius, the East Indies, and elsewhere.

In dealing with the subject, I think we ought to come to the resolution, that no class interests ought to govern the question, and I admit that, although there would be difficulties connected with the right of drawbacks in the event of our adopting a uniform rate of duty, yet those difficulties may not be sufficient to call upon us to reject that principle, if, in other respects, we should come to the conclusion that it was sound. The proposition which I lay down, and which I invite the Committee to proceed on, is that the form of our duty should *be such as will least interfere with the natural course of trade,* (*hear, hear*), *and be the least open to the charge of offering to the producer or manufacturer a premium on doing something different from that which he would do if there were no duty at all.* Now, let us try how we are to proceed on that principle. I am quite willing to accept the doctrine laid down by the Manchester Chamber of Commerce, and in which the Liverpool Chamber of Commerce concurred. I received the other day an address from Manchester, to which was attached a name distinguished in the annals of free trade—that of Mr. Ashworth—and which I think contains sound doctrine on this question. It says:

"Your memorialists are most desirous that the duties on sugar should be fixed at as low a rate as possible, and that in the interests of the consumer no impediments should be opposed to the importation of any class of sugar, from the very lowest quality to the finest loaf sugar; and in order that no one class of persons should be protected at the expense of another, it is, in the opinion of your memorialists, needful that the duties be assessed upon the article in proportion to the amount of crystallizable saccharine matter which it contains."

CASE OF THE REFINER.

I believe that that is a sound principle. Now, let me try it by an example, and here I will, for once, introduce one of those barbarous and outlandish words to which I have referred—"Jaggery," which means the lowest description of sugar made in the East Indies. Let us suppose that there are in the markets of the East Indies 2 cwts. of jaggery, each of which contains 50 per cent. not of saccharine matter, because in saccharine matter they won't differ very much from better sugar, but of what is called crystallizable saccharine matter—that is to say, saccharine matter that can be profitably extracted by the refiner, or what I would call extractable sugar.

These 2 cwts. will, when refined, yield, without including the minor products of the refinery, 1 cwt. of sugar. The question is, who is to produce that? The sugar is just as it has come from the cane and undergone the first process; the question is, how are we to adjust our law in such a way that we shall, by means of the duty, give no inducement to any man to refine in England rather than in India, or in India rather than in England? That, I think, is a fair statement of the case. (Hear, hear.) Now what will the Indian refiner do if we have an uniform duty, which we are told is the way to do justice and avoid protection? The Indian refiner buys these 2 cwts., refines them, and sends the refined sugar to this country; and if the duty in this country is 10c. a cwt., he pays 10s. for the introduction of his 100lb. of refined sugar. What is the British refiner to do? He buys these two cwts. in India on the same terms as the Indian refiner. Very good. He sends them at a greater expense to England. With that greater expense we have nothing to do. We must not undertake to reimburse him for that. But when he has brought his two cwts. here that he may refine them, he has to pay 10s. duty upon each. So that while the English refiner, to get his 100lb. of sugar into the market, has to pay 20s., the Indian refiner sends it in for 10s. and yet we are told that that is the way to do justice and escape the stigma of protection. (Hear, hear.)

I want to consider the question entirely without prejudice, but there is no doubt what the operation of such a duty as that would be. It would simply be equivalent to a bounty of 10s a cwt. upon refining in India. (Hear, hear.)

And it might be that, although from the dearness of skilled labour, the dearness of capital, and the dearness of machinery in India, refining in that country might cost some shillings, say 2s—say if you like, 5s. a cwt.—more than in England, it would be worth a man's while to refine in India rather than send the sugar to be refined in this country, because of the 10s. fine imposed upon him by our fiscal law. That is the view we take of the matter.

We are not willing to give any premium for the employment of labour and capital in England rather than in India; but certainly we are not willing to be parties imposing a penalty upon the employment of labour and capital in England, as compared with India, which would in our view be the effect of an uniform duty. We have sought to amend the duty upon the principle laid down in the memorial of the Manchester Chamber of Commerce. The present duties upon sugar—I reject for a moment the liquid or semi-liquid classes, which it is not at this moment necessary to keep in view—the present duty upon sugar is distributed into four classes —refined, 18s. 4d.; white clayed, 16s.; brown clayed 13s. 10d.; Muscovado or below brown clayed, 12s. 8d. Now I must make a further reference to what are called "Dutch numbers," because although that may be speaking in a foreign tongue to society at large in England, yet the Dutch numbers are, in point of fact, the only universal language of the sugar trade of the world. If you tell a man what your duty is in Dutch numbers, that is construable into the trade terms of every tongue, and he knows exactly on what qualities of sugar your duty will fall. Our "refined" corresponds with the best of the Dutch numbers; the highest of which is 20—that is 19 and 20. The "white clayed or clayed to white clayed" corresponds with the numbers from 15 to 18; "clayed and brown clayed" corresponds with the numbers 11 to 14; "not equal to brown clayed" corresponds with the Dutch numbers 7 to 10; and nothing under 7 can possibly pay the duty which we now impose. We have had to consider whether it was desirable for us to alter essentially the dividing points between these classes. There are four classes, and there are, therefore, three dividing points. Those dividing points do not rest upon abstract principle. They rest upon knowledge and experience, and they are pretty well understood—at any rate, as well as they are capable of being understood—all over the world. We have, therefore, thought that it would be very undesirable to recast the duty *in toto*, and establish a completely new set of distinctions; consequently, we adhere to the dividing points between the classes which are now established, but we meet the grievance of the better unrefined sugars by diminishing the intervals of duty at the upper end of the scale, and we meet the grievance of the lower class of sugars by establishing a new class with a lower rate of duty than the rest for the purpose of making those sugars admissable which are now prohibited. The drawbacks, of course, will have to be altered in proportion to the duties. I should say also, with regard to a collateral point of some importance, that in order to make this change fair as it affects the refiners, we shal propose to postpone the reduction of the duty upon foreign refined sugar for four weeks from the present day, whereas I hope that if the House is disposed to accede to our proposal, and should think it reasonable to proceed upon this day week with the resolution relating to sugar, the new law will be in operation on Saturday week. I will now give the new scale of duty :—Refined sugar instead of 18s. 4d., 12s. 10d. per cwt.; clayed to white clayed, instead of 16s., 11s. 8d.; clayed to brown clayed, instead of 13s. 10d., 10s. 6d.; Muscovado, instead of 12s. 8d., 9s. 4d.; and a new class for inferior sugars, for the Dutch numbers, not rising above No. 6, 8s. 2d. (Hear, hear.) The duty on molasses will be 3s. 6d. per cwt. and that on melado 6s. 7d. The effect of these changes I will describe as well as I can. At present the interval between "brown clayed" and "refined" is, I think, the chief subject of complaint. It is so great that it certainly does disturb and divert the natural course of trade. It is now 4s. 6d. a cwt. We reduce it to 2s. 4d. The fifth class provides for the low sugars now excluded. The smallest reduction we make is 3s. 4d a cwt., the largest 5s. 6d. The average is over 4s., and although it is very difficult to compare classified duties which do not run upon precisely the same terms, I think I may say that the effect of this change will be to reduce the duty on sugar to 1s., or more than 1s. a cwt. less than it has ever been before. (Hear, hear.) We propose to make the sugar duty the subject of a permanent Act, and to leave the tea duty leviable from year to year. I will now state to the committee what will be the financial result of this plan. The revenue from sugars for 1864-5, as we estimate it, would, without any change, amount to 6,555,000*l*. The reductions of duty, as I have stated them, will cause a first loss of 1,719,000*l*.; but, allowing for the entry of sugars that are now practically excluded, and taking credit for an increase of consumption amounting to 6 per cent., which I think is a moderate estimate, 361,000*l*. of that sum would be recovered, and the loss to the revenue in twelve full months would be 1,358,000*l*. But allowing for the fraction of a year which has passed, I take the net loss for 1864-5 at 1,330,000*l*., and that, as the Committee will see, has reduced my surplus from 2,560,000*l*. to 1,230,000*l*. So much for the question of sugar.