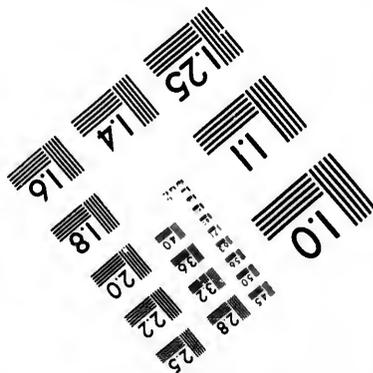
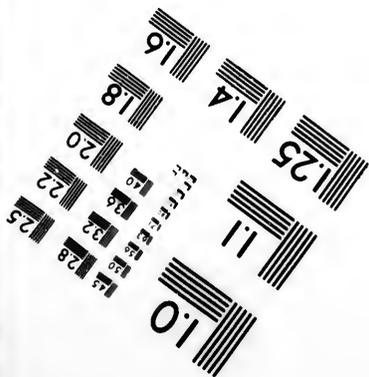
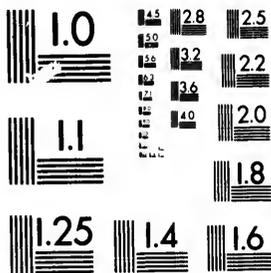


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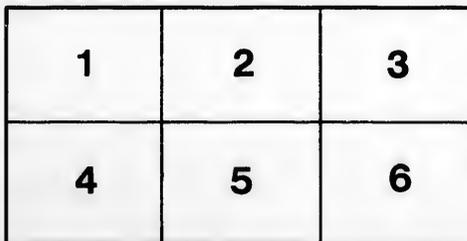
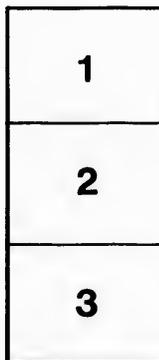
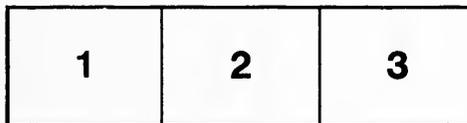
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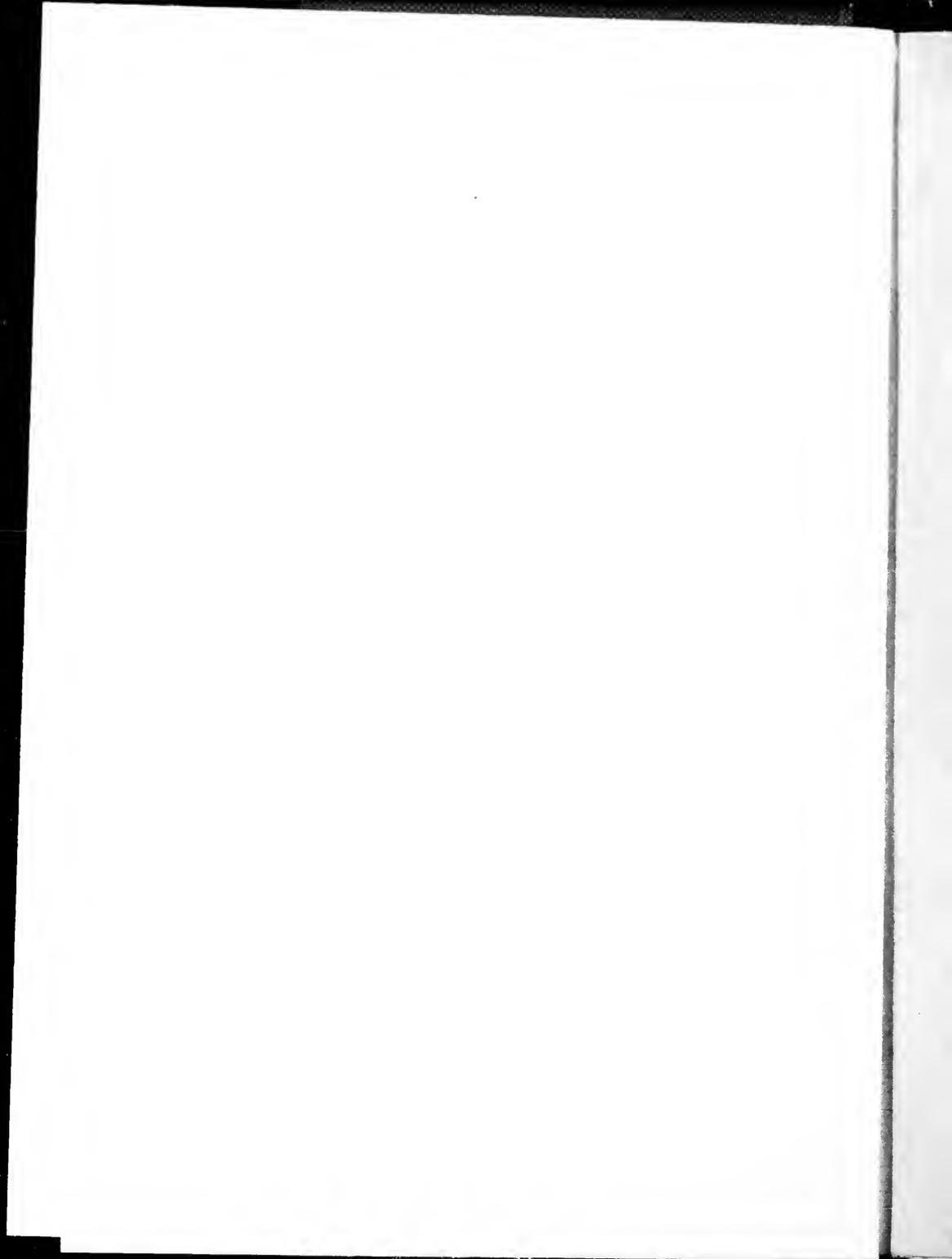
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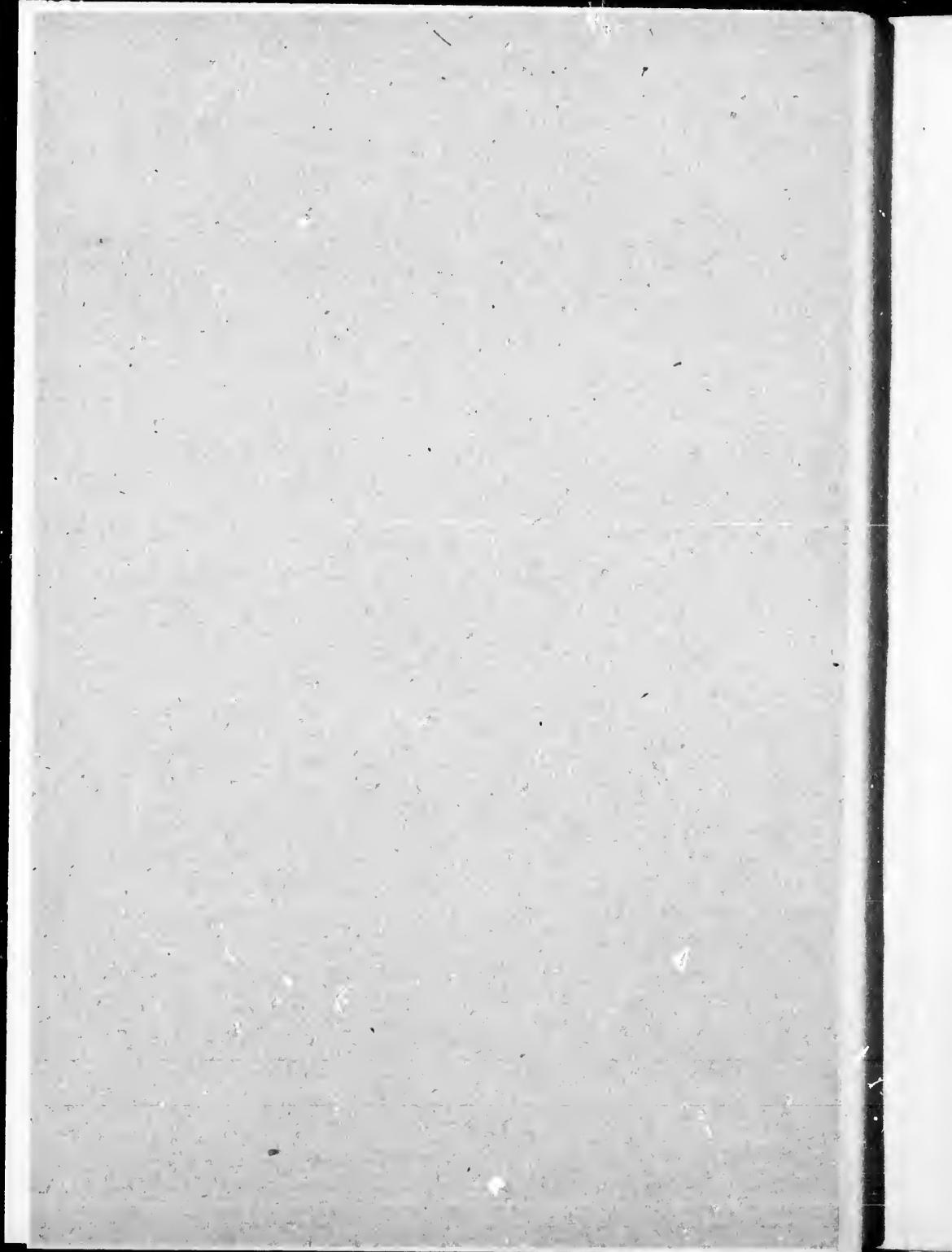
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SPEECH OF
HON. MACKENZIE BOWELL,
MINISTER OF CUSTOMS,
— ON THE —
MOIETY SYSTEM,
UNDERVALUATIONS
— AND —
ADMINISTRATION OF THE CUSTOMS.

OTTAWA:
PRINTED FOR THE QUEEN'S PRINTER & CONTROLLER OF STATIONERY.
A. SENECAI, Superintendent of Printing.

1880.



S P E E C H
OF
HONORABLE MACKENZIE BOWELL, M. P.,
ON
CUSTOMS SEIZURES.

In the House of Commons, Ottawa, on 16th April, 1889,
on a motion by Mr. Holton, M.P., for Chateauguay :

That the Speaker do not leave the Chair ; but that it be resolved, that it is expedient to amend the Customs Act in such a manner that while securing every proper and necessary protection to the revenue, it will relieve the honest importer from the danger of oppression, and in the case of persons charged with violation of the Customs law, provide that no one shall be subject to fine or fines except after a fair and public trial ; and provided further, that in no event shall the officers making seizures participate in the fine or forfeitures imposed for such offences.

Hon. Mackenzie Bowell, Minister of Customs, spoke as follows :—

Mr. Speaker, I have very little to complain of as to the manner in which the hon. member for Chateauguay (Mr. Holton) has presented his case to the House. I frankly admit, before alluding to the cases to which he has referred, or before answering any of the arguments which he has advanced, that there is cause not only for diversity of opinion, but for differences of opinion, as to the manner in which the Customs laws should be carried out, and the revenue protected. I can readily understand that among those who have not had any practical knowledge of the working, particularly, of a protective tariff, and of the provisions of the law which it is necessary to enforce in order to secure a proper revenue and to protect the honest importer—there may be not only diversity of opinion, but there may be many arguments to sustain the position which has been taken by the gentleman who has just addressed the House. Having admitted that much, I must take exception to his introductory remarks in which he

says that just before the last election I visited Montreal in great haste, in order to have a consultation with the Board of Trade, or to receive advice, or tender advice to the gentlemen composing that body. I have been in the habit, since I have had the honor of occupying the important position I now hold, in endeavoring to enforce the laws and regulations, which are onerous in their character, of visiting not only the Boards of Trade of Montreal and Toronto, but also in other sections of the country—not at the time of elections, however, but upon every occasion when complaints have been made to the Department—and I have found I could come to a decision better, more equitably, and much more in accordance with the law, by visiting those who have entered complaints, and by having a friendly consultation with them. I have visited the Boards of Trade, not only of Montreal, but as far east as Halifax and as far west as Victoria, and upon all occasions, after consultation, we have come to an understanding as to the course that should be pursued, particularly in the administration of this, if I might use the expression, somewhat intricate law. With respect to the interview to which the hon. gentleman has referred—whether it was before the election or not I do not know, but I know I met a deputation, I think the executive committee of the Board of Trade of Montreal; and upon that occasion we discussed many of the clauses of the Customs Act, and the mode in which they had been enforced by the Customs officials. I made no such promises as those to which the hon. gentleman referred. I do not say that the hon. gentleman has made those statements without believing them to be correct; I can only presume that he has taken statements made by irresponsible persons, and which appeared in the different newspapers in Montreal, at the time, in regard to what actually did take place at that interview. All that I promised the merchants at that time has been carried out since. Many amendments which they suggested I combated to the best of my ability, and I am vain enough to believe that, in some cases, I succeeded in showing them that their suggestions would be detrimental to the interest of the honest importer rather than beneficial to him. Although the hon. gentleman has not spoken so long, as I have no doubt he might have desired, upon this subject, he has said enough to necessitate my occupying a little more time than I would choose to do under other circumstances. I dissent *in toto* from the statement made that for every offender caught and punished, two at least of the

honest importers receive worse treatment than does the smuggler; and I think a little attention to the working of the law and to the facts, if they were all before the hon. gentleman, would have led him to other conclusions.

ALLEGED ILLEGAL EXACTION OF FEES BY CUSTOMS OFFICERS
AT MONTREAL.

I do not propose to take up each case to which the hon. gentleman has referred, but while it is fresh in my memory I desire to reply particularly to his closing remarks in regard to the approval which, he says, I, as head of the Department, gave to the exaction of fees by any officer in Montreal or elsewhere. I remember distinctly the case to which the hon. gentleman has called the attention of the House. I made enquiry as to what was the practice in Montreal, and instead of approving of the system of exacting fees from importers, I gave instructions positively that no officer should receive any fee from merchants; and if the hon. gentleman will refer to the rules and regulations which are now in force, but, unfortunately, which are not now before me, he will find they provide that no officer shall receive any fee for any service he may render to a merchant.

Mr. LAURIER. What about Mr. Johnson's letter?

Mr. BOWELL. Mr. Johnson's letter says nothing of the kind. There is a practice, and it has been in existence ever since Customs officers have been appointed in this country, of giving remuneration for extra services, either before the hour in the morning when official duties begin, or after the close of the Custom house at night. The Grand Trunk Company pays into the revenue between \$15,000 and \$20,000 annually towards covering such expenditure. Every railway, the Allan line and other ocean companies, and every steamboat on the inland lakes and waters, that requires the services of an officer after hours, to superintend the loading or unloading of goods so as not to have the vessels detained on their trip, pays so much per hour, or per month, as the case may be. The amount paid by the different railway companies and steamboat proprietors, ocean as well as inland, amounts annually to between \$40,000 and \$50,000. I admit that it is a grave question whether it would not be better to have day as well as night officials to conduct this business, instead of exacting the amount from the parties who now pay it. It is a question which has been under the consideration of the Government for some time. The principle is not a new one; it prevailed when I assumed office, and it continues

at the present time. If the House should deem it advisable to make an extra appropriation annually, to the extent of \$50,000, in order to enable the Department to increase its staff and pay night as well as day hands, then we could do away, I have no doubt, with many of the complaints made, not only by the officers themselves, who wrangle about the amount they should receive, but also by those who have to pay this amount out of the proceeds of the enterprises in which they are engaged. That is a point, I repeat, which is very fairly open to discussion. But I desire to call the attention of the House to this fact, that that is one particular in which our system differs diametrically from that of the United States. There the fees, as I shall show before I close my remarks, are enormous. In some cases, with respect to small articles which are free under the tariff, these fees reach an amount equal to 50, 60, or 75 per cent. We have no such system in this country, and the only fee an officer or Collector is entitled to receive from any importer when he desires to make an entry is 5 cents for the three forms upon which the entry is made, and that sum is paid into the revenue. Even as to that payment, the importer is not obliged to purchase the forms from the Custom house officer; they are simply kept as a matter of accommodation for the convenience of importers. And I desire to call the attention of the hon. member for Chateauguay (Mr. Holton) to the difference between the remunerating of an officer who performs duty after official hours, and the acceptance of fees, as the hon. gentleman put it to the House. I do not know any system that could be more abused than the system to which he has drawn attention, provided it prevailed in this country, and if it is practiced by any officer in Montreal it is contrary to the regulations of the Department, as there is no authority for any Customs officer to receive fees. The statement having been made, however, I shall take the earliest opportunity to call the attention of the Collector at Montreal to it, in order that he may ascertain whether such be the fact or not. The hon. gentleman said that the extent to which this has been carried on has been such as to add thousands of dollars to the salary of the officer, Mr. Hatchette, who performs this duty, or others who may perform it. If this be so, Mr. Hatchette is receiving money to which he has no right, for all he is entitled to receive is payment for whatever time he may give to importers before or after office hours, at so much per hour, or so much per month, as may be arranged.

My hon. friend has placed a resolution before this House, which, to my mind, is somewhat novel in its character, and I am quite sure that anyone who will reflect for a moment, must come to the conclusion that the policy involved in this resolution is one utterly impracticable, or if not impracticable, it would add a great deal more to the discomfort of the honest importer, and particularly those who are accused and not guilty, than any system which prevails at present. One part of his resolution reads, that the desire is :

“To amend the Customs Act so as to relieve the honest importer from danger of oppression.”

PRESENT LAW CAREFULLY GUARDS LEGAL RIGHTS OF
IMPORTERS.

The present law provides for all that is involved in that sentence. If the importer is dissatisfied with the action of the seizing officer, or if he is dissatisfied with the ruling of the Department, all he has to do is to appeal to the courts, and he can then obtain just that publicity which my hon. friend desires he should have. The resolution goes on to say :

“And in the case of persons charged with violation of the Customs law, to provide that no one shall be subject to fine or fines except after a fair public trial.”

I notice that the hon. gentleman left out the words “should he demand it,” as his resolution originally read. I infer from this, that if a man is caught red-handed in smuggling across the borders, or evading payment of duty on enclosures, or breaking the law by any other means, the case must be put into court and a judge asked to adjudicate upon it. I confess that I had the same idea for a long time. It was a principle which I tried to impress upon my own colleagues, but when I began to reflect upon the result of the adoption of a policy of that kind, I came to the conclusion that it could not be carried out. It may surprise members of this House when I tell them that the average of seizures for some years past has been from six to seven or eight hundred ; some small and some large. Just fancy a man having goods which are perishable, seized when smuggling them across the border ; there is no question as to the fact of their being smuggled, the man was caught in the act ; but under this resolution, if it was carried out, before you could condemn, or sell, or dispose of those perishable articles, you would first have to employ a lawyer to carry the case into court,—and so it would be in all of those seven hundred

cases a year, some of which are of the most trivial character, although others are very important. The law at present lays down clearly what the importer may do, in case he is interfered with, either directly or indirectly, in the transaction of his business. If the goods are seized, a report must be made by the Customs officer as soon as possible, to the Department, and as soon as the notification of the seizure is received by the Department, the person whose goods have been seized is immediately notified, and he is given a full month in which to put in his defence. Then the ruling of the Department is given, and if he objects to that decision, he has thirty days within which to put in his defence, and he can then go into the Exchequer Court, to oppose the decision. All he requires to do is to say, I will not accept the decision of the Department—

Mr. HOLTON. He can only go into court, if the Minister allows him.

IMPORTER MAY DEMAND THAT HIS CASE BE PLACED BEFORE A COURT, IF NOT SATISFIED WITH DECISION OF MINISTER IN ANY CASE OF SEIZURE.

Mr. BOWELL. The hon. gentleman is quite mistaken. If he will turn to the law, he will find that the person whose goods have been seized can object to the decision of the Department; and, having objected, it is the duty of the Minister—except in certain cases where the notice of dissent has not been given in sufficient time—to put the case into court, before he can carry out his condemnation. There is no difficulty whatever in a man going into court, if he so desires it. During ten years' experience I have no recollection of any importer, or anyone else, feeling himself aggrieved, being deprived of the right of going into court if he desired so to do.

Mr. HOLTON. If the Minister will allow me, I will refer him to clause 182 of the Act with regard to appeal to the courts. It says :

"If the owner or claimant of the thing seized or detained, or the person alleged to have incurred the penalty, within thirty days after being notified of the Minister's decision, gives him notice in writing that such decision will not be accepted, the Minister may refer the matter to the court."

The Act says that the Minister "may," and it is, therefore optional for the Minister to allow it.

Mr. BOWELL. Suppose the Minister refuses—which is never done—all that the person feeling himself aggrieved

would have to do, would be to apply for a *fiat* to go into court, and it would be granted at once, as was done in the Ayer case. That permission has never been refused, nor is it the practice of any Government, or of the Crown, to refuse a *fiat* where there is any cause of complaint by a subject. We have allowed cases to go into court in which we knew the man had no case, and in which the correspondence showed that he had no case; but the person considered himself aggrieved, and when he asked for the privilege, it was at once accorded to him. The next contention of my hon. friend is, perhaps, the most important from his standpoint, and that is the question of doing away with the division of forfeitures, and what is termed the moiety system, to which I will refer in a few moments. One would have supposed, hearing the speech of my hon. friend, that this portion of the law to which he objects, was the creation of the present Government; that all these iniquitous clauses to which he refers, which liberalise and allow so much of what he terms plundering—I cannot remember the other strong word which he used—to be perpetrated by the Customs officers and to be approved of by the Minister, were actually put upon the Statute-book by the present Government. If he will turn to the law which was enacted by my hon. friends opposite when they were in power, he will see that there are scarcely any changes made between that law and the law as it stands to day, except to simplify and, in many cases, to liberalise, instead of making more stringent, the provisions to which my hon. friend has referred. He may laugh, but I attribute that to the fact that he has not given this question that study and attention which he should have given to it before he attempted to deal with it.

CASH VALUE OF GOODS NOT THE VALUE FOR DUTY.

I now refer to a statement made by the Minister of Finance of the former Administration, the present member for South Oxford (Sir Richard Cartwright), in reference to the "iniquity" which he pointed out to this House,—if the reference is not against the rules of Parliament. I am not very often absent from this Chamber, but, unfortunately for myself, I happened to be absent when the administration of my Department was attacked. The hon. gentleman represented that there had been an actual case in which a man's invoice had been raised from a cash value some 50 per cent. I am not prepared to say whether it was 50 or 75 per cent. I know nothing of the case.

If it were mentioned to me, probably I could explain it to him, but if the hon. member from South Oxford will look at the Statute-book, he will find that when he was a member of the Government of the hon. member for East York (Mr. Mackenzie), he assisted to put on the Statute-book a law (49 Vic., chap. 10, sec. 32) in which the principle is laid down that it is not the cash value that is to guide in valuing an article for duty, but it must be the credit price of the article in the market where it is purchased; and if he will turn to the numerous circulars which were issued by the Minister of Customs of that time, he will find this provision of the law particularly pointed out, and that the officers were instructed to raise the invoices for duty, and to see that the articles entered for duty were valued on that principle. I also find that another very iniquitous provision, that the onus of proof shall be on the importer, appears in much stronger terms in the law (sec. 52) which those hon. gentlemen put on the Statute-book, than in the present Act.

Mr. HOLTON. I know it; I have read it.

Mr. BOWELL. I have no doubt the hon. gentleman knows it, but when he was denouncing the law, he left the impression on everyone listening to him that those provisions of the law had been enacted by the present Government, and not by those whom he is supporting, and whom, I have no doubt, from the peculiar confirmation of his mind, he will support for all time to come.

Sir RICHARD CARTWRIGHT. Hear, hear.

Mr. BOWELL. We know the vilest sinner may return. We know what the hon. gentleman was in the good old times gone by; we know what he is at present. I look with some commiseration on him in the position he occupies now, and I look forward with a good deal of pleasure—

Sir RICHARD CARTWRIGHT. Perhaps you look to the time when you were with me opposing Sir Francis Hincks coming in.

Mr. BOWELL. I do not know that I should be led into a discussion of my reasons for opposing Sir Francis Hincks. I had my reasons then—

Mr. PATERSON (Brant). What section are you reading?

Mr. BOWELL. It is a section in the political history of the country, to which my hon. friend called attention; and I was just explaining that I had no other object than what I believed, at that time, to be in the best interests of the coun-

try, in the opposition I gave to Sir Francis Hincks, and I am bound to extend the same credit to my hon. friend. The only difference that existed at that time between the member for South Oxford (Sir Richard Cartwright) and myself was, that if Sir Francis Hincks came up to the expectations of those who placed him in office, I would have had no hesitation in giving him what support my humble ability would enable me to extend; and now that he is dead and gone, I will repeat what I said in the House afterwards, that my experience of Sir Francis Hincks, and the manner in which he took hold of the questions then agitating the country, justified me in the course I took.

Mr. MITCHELL. Hear, hear; I was his colleague at that time.

BURDEN OF PROOF ON IMPORTERS.

Mr. BOWELL. Now, Sir, let me return to the 52nd clause of the Act to which I referred, and which the Government of the hon. member for South Oxford placed on the Statute-book. That clause reads as follows:—

"The burden of proof that all the requirements of this Act, with regard to the entry of any goods, have been complied with and fulfilled, shall, in all cases, lie upon the parties whose duty it was to comply with and fulfil the same."

Mr. PATERSON (Brant). Was that the first time it appeared in the statute?

Mr. BOWELL. I do not know anything about that. I dare say it was there before; if it was, they perpetuated it: If it was unfair then, I take it for granted that, if they shared the opinions of the hon. member for Chateauguay, they would have repealed it.

REPEAL OF UNFAIR PROVISION IN CUSTOMS ACT OF 1877.

I might here very properly remind that hon. gentleman of a most unjust and vexatious principle which obtained under the Act of 1877, for which his friends, as before stated, are responsible. By section 40 of such Act it was provided that:

"No evidence of the value of any goods imported into Canada, or taken out of warehouse for consumption therein, at the place whence and the time when they are to be deemed to have been exported to Canada, contradictory to or at variance with the value stated in the invoice produced to the collector, with the additions (if any) made to such value by the bill of entry, shall be received in any court in Canada, on the part of any party except the Crown"

The effect of such provision was often to compel a merchant, who had purchased, say, 50 tons of steel, at £20 per ton, on a falling market, and which, perhaps, was not shipped to Canada for some months after purchase—when, possibly, the price had declined to £15 per ton—to pay duty on £20, which was the price stated on his invoice. Yet, if between the date of purchase and the time of shipment the price had advanced to £25 per ton, his invoice would be thrown aside and duty would be demanded on the larger or market value. The present Government, becoming sensible of the unfairness of this principle, caused the passage of section 10 of the Tariff Act of 1879, which ensured the fair valuation of goods in such a contingency, and such section reads as follows:—

“ The Governor in Council shall, from time to time, establish such regulations not inconsistent with law, as may be required to secure a just, faithful and impartial appraisal of all goods imported into Canada, and just and proper entries of the actual or fair market value thereof, and of the weights, measures or other quantities thereof, as each case may require; and such regulations, whether general or special, so made by the Governor in Council, shall have the full force and authority of law; and it shall be the duty of the appraisers of Canada and every of them, and every person who shall act as such appraiser of the Collector of Customs, as the case may be, by all reasonable ways and means in his or their power, to ascertain, estimate and appraise the true and fair market value and wholesale price (any invoice or affidavit thereto to the contrary notwithstanding) of the goods at the time of exportation, and in the principal markets of the country whence the same have been imported into Canada, and the proper weights, measures or other quantities, and the fair market value or wholesale price of every of them, as the case may require.”

The hon. gentleman also stated, in reference to the amendments made to the Customs Act two years ago, that they were not amendments, but imposed still more onerous exactions and restrictions on the trade of the country, and on importers. If that be the case, it is somewhat singular that there was not a single division or objection taken, in this House, to the amendments I then suggested, after full explanations had been given of them. On the contrary, those gentlemen who took an active part in the discussion of those clauses, and of the changes and amendments which were made, after they had heard my explanations, approved of every one of them, and every change which was made was in the direction of the protection of the honest merchant, and to punish, if possible, the dishonest importer.

, Mr. MITCHELL. Are not all these troubles of modern growth?

Mr. BOWELL. No. I will show the hon. gentleman that even when he was in power there were a good many seizures made.

Mr. MITCHELL. We never heard as many complaints.

Mr. BOWELL. Of course not, because there were not so many seizures, for the higher the tariff the greater the amount of smuggling. But I have failed yet to find that the honest importers ever found fault with the manner in which the laws have been carried out in regard to the punishment of those who have violated them. I know that the newspapers have taken up the cause of those who have been punished.

Mr. MITCHELL. Do not say so much against the newspapers now.

Sir RICHARD CARTWRIGHT. He is an old hand.

Mr. BOWELL. Yes, I am, and I used to write just as I thought, as plainly and honestly as I knew how; and I was never taken into court, nor did I ever have to apologise for what I said.

"ENCLOSURE" CLAUSE.

In reference to the clause relating to enclosures, to which the hon. gentleman called the attention of the House, and which he declared to be so iniquitous, if he will turn to the 50th clause of the Act of 1877, he will find that it reads as follows:—

"If any package is found to contain any goods not mentioned in the invoice, such goods shall be absolutely forfeited."

There is no discretion given to the Minister or the officer, but there is a simple declaration of the absolute forfeiture of the goods. That word "absolutely" is not now in the Customs Act.

CHARGE OF "LEGALIZED ROBBERY" IN CONNECTION WITH CERTAIN SEIZURES.

Perhaps it is just as well, while I am dealing with this question, to dispose of the attack which was made in connection with the case of an importer at Niagara Falls, which my hon. friend declares to be, not in the words of the lieutenant of the Opposition, "legalised robbery," but an absolute robbery, without any legality whatever. Now, let us see what are the facts connected with this case. The importer of a certain kind of paper had been in the habit of importing wall paper as one quality, when, in fact, it was another quality. The hon. gentleman told us that he had as good information on the subject as I had. I have no

doubt he thinks the information, which he probably received from the importer, equally reliable with that of the officers of Customs.

Mr. HOLTON. Quite so.

Mr. BOWELL. If the hon. gentleman knew that the invoice which was presented for entry gave a misdescription of the goods, perhaps he would not say so. It requires neither the oath of the officer nor that of the importer, to prove what an article is, when it is seen, and if the invoice indicated one class of paper called "brown blanks," when, in fact, the merchant imported another class called "white blanks," which latter is taxed at a higher rate of duty, it would be an easy matter to detect the fraud.

Mr. HOLTON. But your own officer at Niagara Falls classified that for duty and entry, at the importer's request, and the importer paid the duty which was asked.

Mr. BOWELL. I am coming to that point. It is quite true that when an importer presents to the Customs clerk an invoice, the Customs clerk looks at the face of such invoice, and marks opposite each item the rate of duty; but if upon examination by the appraiser, the article is found not to be that described in the invoice, how is the Customs clerk, who had nothing but the invoice to go by, to be held responsible for anything wrong? That is this case precisely. The merchant presented the invoice to the Customs officer to be rated for duty, that invoice described the goods as "brown blanks," and the officer rated them accordingly; but when they were examined by the appraiser they turned out to be another kind of paper altogether. Then the importer made an affidavit, in which he stated that he went to the Collector and his officers and asked for their rating. The moment that representation was made to me, I did as I do in other cases: I ordered an investigation to be made, and I refused, because the affidavit of the importer was so strong, to take the mere statements or *ipse dixit* of the Customs officers who transacted the business, and compelled them to make their statements under oath. Mr. Peter Flynn, the Collector—and those who know Mr. Flynn, of Niagara Falls, would never suspect him for a moment of telling an untruth, and he could have no possible object to gain in telling one—wrote, concerning the statement of the importer, as follows:—

"The importer has mentioned my name in his affidavit as having refused him information as to how he should enter the goods."

The importer had made the direct statement that he had applied to the Collector for information as to the mode of procedure in passing the goods. Mr. Flynn continues:

"In reply to this part of the importer's evidence, I must say he never asked me a question in regard to this or any other entry made by him. Personally, I know nothing of the matter in dispute more than accompanying Mr. Watters."

Mr. Watters, by-the-bye, was not sent from Ottawa to transact this business. He is an officer stationed in the west, who, in the ordinary pursuit of looking after smuggled goods, went to this man's store to investigate this affair, and made the seizure of the goods. Then there is the evidence of Mr. Clarence Bartle, Customs officer, who stated distinctly and positively under oath that he gave no such instructions as those referred to by the importer. That evidence is substantiated by Mr. Preston, the broker—not a member of the Customs staff, but a gentleman who makes his living as a Customs broker. Upon these facts the Commissioner made his report as follows:—

"The evidence submitted in rebuttal of the charge consists only of the party's own affidavit, while many of the statements therein are contradicted by the sworn statements of the officers of the Department, and of the broker employed to make the entries."

Employed not by us, I wish the House distinctly to understand. The report continues:

"Apart from this contradictory evidence, the fact remains that the paper hangings were not properly described in the entry made at the Customs, and that but about one-third of the proper duty was paid thereon. There is a clear violation of sections 35 and 119 of the Customs Act, for which the importer must be held responsible. This evasion of the payment of the proper duty has under the law forfeited the goods, or the ascertained value thereof as per section 193, and the undersigned respectfully recommends that the seizure be confirmed, and the amount deposited, as representing the value of the goods, be forfeited to the Crown."

Such are the facts in the case to which my hon. friend has called the attention of the House, and which he has described as absolute robbery, when in fact the whole thing resolves itself into this: that a merchant imports a class of paper, has it misdescribed in the invoice, presents that misdescription to the Customs officer, in order to have the goods rated, and, on examination at the warehouse by the appraiser, it is found that the duty was paid on another class of paper altogether from that which was really imported, and which called for a higher rate of duty. Then, when the merchant's affidavit is made, that affidavit is contradicted by the statement of the Collector and the affidavits of two Customs officers.

REGULATIONS UNDER WHICH SEIZURE MONEYS ARE DISTRIBUTED
TO OFFICERS AND INFORMERS.

I shall now call the attention of the House for a few moments to the question of distribution of proceeds of seizures. My hon. friend from Chateauguay had two very strong objections to the law as it now exists. One was with regard to the provisions respecting enclosures, and the other to the distribution of the proceeds derived from seizures; and he tried to lead the House to believe that the regulations governing these matters were the creation of the present Government. I see the hon. gentleman smiles, but I propose to place the paternity of these regulations, whether they are good or bad—and I am not now denouncing them—upon the proper persons. If the hon. gentleman will turn to the Order in Council of the 1st July, 1876, he will find that one of the clauses reads as follows:—

“In case of seizure of goods or chattels which have been condemned and sold, according to law, an allowance of not more than one-third of the net proceeds of each shall be awarded to the seizing officer, and not more than one-third to the informer, if any. In case of seizures made without information, and which have resulted from special vigilance on the part of an officer, the informer's share, or a portion thereof, may be awarded to such officer, at the discretion of the Minister of Customs. When seizure of goods or chattels has been made, and released by order of the Minister of Customs, on the condition of the payment of a fine or penalty, where such fine or penalty is of the amount of \$100, or over, it may be considered as the net proceeds of the seizure, and dealt with in the same manner as if the goods had been condemned and sold.”

So that you could distribute two-thirds of the amount, without reference to the expenses. The next clause says:

“When the fine or penalty is under \$100, the Minister of Customs may, at his discretion, award the whole, or any portion thereof, to the officers and informer, if any, as a reward for vigilance. In respect of fines or penalties recovered for violation of the revenue laws, in cases where there has been no seizure of goods or chattels, the Minister may, in his discretion, award such portion thereof to the officers concerned and informer, if any, as may appear to be equitable and judicious under the circumstances of each case.”

These regulations are based upon and under the authority of the Act 31 Vic., chap. 6, section 113, which was passed, or if my hon. friend from Brant (Mr. Paterson) prefers the phrase, remained upon the Statute-book, in 1867.

Mr. PATERSON (Brant). Then that provision was first passed in 1867.

Mr. BOWELL. I did not say so. I said the regulations were adopted by the Governor in Council in 1876, and these are the regulations under which I have been acting.

Sir RICHARD CARTWRIGHT. The hon. gentleman spoke of these regulations having been passed in 1876, and no doubt he is quite correct, but does he remember what were the regulations prior to that date?

Mr. BOWELL. I do not.

Sir RICHARD CARTWRIGHT. My recollection is that there were regulations before, which had been in existence from 1867 to 1876, regulating the division of these funds, and that this was a modification of those regulations.

Mr. BOWELL. I think my hon. friend is correct, because there is a clause in the law which provides that this may be done. Whether these regulations were modified, or made more restrictive than the former regulations, I am not prepared to say. I asked the Assistant Commissioner to investigate this question and see how far the earlier statutes agreed with the present law, and this is what he says:

"I find, upon tracing it back, that the wording is identical with the wording of the Act 31 Vic., section 113 (1867), with the exception that after the words 'Governor in Council' the words 'or the Minister of Customs' have been introduced. Upon tracing this back, I find this was done in the amended Act of 1877, and further, that it was there inserted in consequence of the Tariff Act of 1867 which gave the same power to the Minister of Customs as is therein contained, so that virtually the Acts of 1867, Customs and Tariff combined, gave precisely the same power as is now embodied in section 191 of the Revised Statutes."

SYSTEM OF CHECKING UNDERVALUATION OF GOODS.

My hon. friend referred to one matter in particular, that of increasing the value of goods for duty, as being onerous, and in regard to that subject—I do not say it offensively or intend it in that way—his whole speech would come very well from one who was employed to defend all the smugglers and violators of the law in the country. I do not believe that the hon. gentleman intended that, but certainly his speech could bear no other interpretation, and one would suppose also that this, so-called, iniquitous system of treating undervaluations, arose under this Government. I hold in my hand circulars which were issued by my predecessor commencing with March 21, 1874, and ending a few months before those hon. gentlemen went out of office, calling the special attention of the Customs officials to the necessity for watching undervaluations. We all know the depression of trade which took place in the United States and in most parts of the world during 1874,

1875, 1876 and 1877, and, as trade became depressed, so in proportion did the values of goods fall and become depreciated in the markets in which they were produced. It is in such cases that, in proportion to the surplus stock which manufacturers have on hand for the home market, so do they make a slaughter market of other countries into which they can send their goods; in order, first, to relieve their own market so as not to depreciate the price of the goods at home, and also to get rid of the stock without disaster to their own business. I find that, on March 21st, 1874, a few months after the hon. gentlemen opposite took office, a circular was issued by Mr. Bouchette, the then Commissioner of Customs, in which he says :

"The attention of the Minister of Customs has been called to the fact that different systems are practiced by collectors and other officers at the several ports and outports of the Dominion in the collection and protection of the revenue, causing much dissatisfaction among a large number of importers, who comply strictly with the revenue laws."

He goes on to point out the absolute necessity of uniformity—a very difficult thing to accomplish, as follows :—

"I am directed to request your careful attention :

"1st. To the necessity of a careful examination of invoices, not only with respect to their general correctness, but to the prices of the goods represented, especially the invoices of certain classes of American manufactures—such as machinery of various kinds, sewing machines, musical instruments, agricultural machines and implements, patent medicines, &c., &c.

"2. I am also to call your particular attention to the provisions of the "Act respecting the Customs," Section 29 and following Sections, providing for the proper appraisement of goods, and examination of packages, and to enjoin upon you and your officers whose duty it is to appraise goods, a strict compliance with the terms and conditions of the law; and you are to report monthly to this Department, all important particulars connected with the appraiser's duties, stating how many packages have been entered, and what proportion of such packages have been examined, with particulars of any illegalities which have been thereby discovered."

On the 20th July, 1874, the following Order was issued :

"The Minister of Customs having received certain evidence that manufacturing firms in the United States have adopted schedules of prices for their respective goods, specially adapted to purchasers for the Canadian market, at rates very much below those at which they sell to American purchasers, to the serious injury of Canadian manufacturers of the same articles—"

If I were to issue a circular containing this language at the present day, I should be accused of having done so in the interests of what, the hon. gentlemen term, iniquitous manufacturers and combines, which they say exist under the tariff. He goes on to say :

"I am desired to call your special attention thereto, with a view to your subjecting such goods to the most rigid examination, for the pur-

pose of ascertaining whether the invoices are made at the 'fair market value,' in the producing or manufacturing country, and not at an exceptional rate adopted for this particular market. For example—"

Then he proceeds to particularise, a thing which would be iniquitous if I had done it, but which, I suppose, was all right when it was done by a free trade or revenue tariff Government:

"For example, a circular of a Pittsburg hardware manufacturing firm, with quotations of prices of bolts, nuts, hooks, rivets and various other articles, so specially reduced for Canadian purchasers, is in possession of the Department, and where you have satisfactory proof of this description of undervaluation, you are to insist upon entry being made at the proper appraised valuation."

The system of appraisement existed then, just the same as it does today, with the exception of a Dominion Board, which now exists, and to which the merchant can appeal, if the appraisers at the ports where he transacts his business do what he thinks is not right in raising his invoices. In November, 1875, I find a circular issued, in which the Commissioner, under instructions from the Minister, calls the special attention of the officers to the conduct of the paper manufacturers of the United States in supplying paper, and entering the same for duty, "at ruinously low prices." The free trader of to-day will tell us that low prices are in the interest of the consumer who bears the burden. So they are, but these precautions were in the interest of the revenue, which it was the duty of Mr. Burpee, then holding the position I now occupy, to see protected. His duty was precisely the same as mine, to see that the honest importer was protected, and that the provisions of the Customs Act and of the Tariff were literally carried out. He goes on to say:

"It is alleged that the sellers furnish their goods to be delivered in Canada duty paid, and free of all charges. Transactions of this nature are always liable to suspicion, and call for the closest scrutiny, not only of the article mentioned, but in every class of goods imported. In the present state of commerce in the United States, it is all important that the true principle of legal valuation for duty should be kept constantly in view, viz., the fair market value of the goods in the principal markets of the country where the same are purchased for consumption therein, not for exportation, or under any exceptional consideration whatever."

I will not weary the House by reading a score of circulars of this kind, which I might do; but I find that, on some occasions, the then Minister actually indicated the value at which certain articles should be entered. In the circular issued on the 16th November, 1875, he says:

"I have especially to draw your attention to the article of nails, respecting which a distinct scale of values cannot be given, but it is safe

to say that the larger description of cut nails, say 10 dy. and over, should not be invoiced, even in the present low market, at less than \$2 85 gold per keg of 100 lbs., and the smaller nails proportionately higher."

I am finding no fault with the issue of these circulars because it was his duty to do precisely what he did, and to ensure what I have been endeavoring to carry out; but I have done it with the aid, I contend, of a better system of protection than he had, and I believe I have succeeded in carrying it out more satisfactorily. On another occasion, by circular, dated 10th August, 1877, the Minister cautions Collectors of Customs to be on their guard as to valuations given in invoices of cast iron pipe and iron bridge work; he says:

"Entries must in no case be accepted without your being satisfied as to the actual 'fair market value thereof in the principal markets of the country from whence imported,' in the strict sense intended by sections 31 and 32 of the Customs Act.

"Much of the cast iron pipe from the United States is stated to be manufactured from Scotch pig iron, upon the exportation of which from the United States a drawback is allowed the manufacturer of the original duty paid upon the iron, thus reducing the price at which it can be sold for exportation to this country, far below the actual fair market value, as understood by the Canadian Customs law. Therefore, the price paid cannot be the 'fair market value.'"

Again, on 10th November, 1877, the Minister of that day instructs his officers as follows:—

"The fact is becoming every day more apparent that goods purchased in the United States markets are invoiced for Canadian buyers at much lower rates than those which are charged to purchasers for home consumption, and I have to remind you, as you have been frequently informed, that the value for duty under our Customs law, is not the rate which may be agreed upon in consideration of the goods being for exportation to Canada, but that which is usually paid by purchasers in the United States. No special rate, whatever may be the consideration, can be recognised under our laws."

And, in the same circular the attention of collectors is called to the practice on the part of United States vendors, of deducting from the usual market value of their goods, the drawback allowed by the United States Government. On this subject the Minister says:

"This practice cannot be allowed. On receiving invoices from the United States you are to satisfy yourself whether such deduction has been made or not, and if made you are to add the amount to the foot of the invoice so as to bring it to the 'fair market value of the goods' in the place of purchase when sold for home consumption and not for exportation."

He then gives a list of two or three pages of articles to which he calls special attention. He enumerates all the articles which he contended were being imported by this

method at an undervaluation, and with respect to which he declares that it was the duty of the officers to increase the value when invoices were presented for entry.

DUTY LEVIED ON PACKAGES.

There is a circular as long ago as the 28th of July, 1874, in which the Minister of Customs of that day calls attention to that much vexed question of which we have heard so often, the duty upon packages,—the law he points out providing that packages which form the receptacle of the article as sold in the home market shall be subject to duty. I find the following instruction was given on this subject by my predecessor, as follows:—

“If it be the first receptacle: whether box, barrel, cask, case, bottle, tin or other covering immediately enclosing goods for purposes of sale, such receptacle is a package liable to duty.”

It is only the package used exclusively for export which is free of duty. I have read these circulars in order to show the House that the system which the hon. member for Chateauguay says is so iniquitous, that is, the scanning narrowly and closely of invoices which are presented for duty, is the system which prevailed when his own friends were in power, and which must prevail in every country having the same Customs law that now obtains in this country. I want to show one instance of how this is carried out; and I propose to read a letter sent to Toronto in the month of February, 1888. The goods were to be supplied by a company in the United States, and the case is one of scores that have come under my notice. The American firm writes to Messrs. Nichols & Howland, of Toronto—I give the names so that the House may know who they are. They say:

“GENTLEMEN,—We have no doubt you considered us very slow in filling your order, and we have to plead guilty to that charge, but allow us to say that we have not been able to fill orders up to the present time, and in this case we desire to send you something nice. Please be patient until they arrive. Is there any way we can ship it safely so we can avoid for you such high duties? Please reply.

“Yours truly,
“CORTLAND DESK CO. (LIMITED),
“W. A. MILLER,
“Treasurer and Manager.”

Then, fearing that they would not be understood, he adds this postscript:

“Since the fishery question,”—

I suppose he means since we got \$5,000,000 from them.—

"—we Americans think we are doing nothing wrong if we beat the Queen out of a little duty."

It being Six o'clock, the Speaker left the Chair.

After Recess.

Mr. BOWELL. When you, Mr. Speaker, left the Chair at six o'clock, I had stated, that if fees were collected in the manner suggested by the hon. member for Chateauguay (Mr. Holton), they were collected in violation of the rules and regulations of the Department. Since the adjournment I have procured a copy of the rule, and I desire that it may be placed on record, in order that those who fancy that the Department, the head, or the Commissioner, approve of any act of that kind on the part of their officers, may have their minds disabused. Here are the instructions to officers of Her Majesty's Customs in the Dominion of Canada, and they were approved by Order in Council on 14th June, 1875, when Hon. Isaac Burpee was Minister of Customs, and James Johnson, Commissioner. These are the rules which are still in force, and No. 1 reads as follows:—

"All officers of Customs, upon their admission to office, must take and subscribe an oath as required by law, not to take or receive any fee, perquisite, gratuity, reward or emolument, whether pecuniary or of any other sort or description whatever, either directly or indirectly, that is, either as a present or under the pretence of their making out documents which in their official capacity they are not required to do, or of paying for the same, or any other act, duty, matter or thing done or performed in the execution or discharge of any of the duties of their respective offices, other than their salaries or what may be legally allowed them, and any collector or other officer acting as such, shall promptly report any violation of this rule which may come to his knowledge, to the Commissioner."

I may add that within the last two or three years I dismissed an appraiser in Montreal for no other reason than because he had received presents and obtained credit on the strength of the position he held, from the merchants who were importers, and whose goods he had to assess for duty. I do not know, neither am I prepared to contradict the statement made by the hon. member for Chateauguay (Mr. Holton) that this rule has been violated. All I can say is, that if that rule, which is very strict, has been violated, the punishment which follows those who infringe it, will be meted out to the person who has accepted the fees in the manner in which it is said they are accepted.

Mr. HOLTON. The Minister will remember I stated that this officer received those fees with the approval of his superior.

Mr. BOWELL. I remember that you also stated that it was with my approval, because the Commissioner's letter says the matter had been fully investigated and the Minister had approved. What the Minister had approved was simply what I pointed out to the House before recess, and that was that the officer was entitled to certain remuneration per hour, or per month, for the performance of the particular service to which the hon. gentleman referred, but not to receive fees direct from merchants. I may add further, in explanation, that when money is received for extra services from railway companies, merchants, or others, who deem it necessary to have the services of an officer after hours, it is not paid to the officer himself, but to the Collector, who pays the man who performs the service.

COLLECTION OF DUTY ON PEACH BASKETS.

While upon this subject, I may refer, for a few moments, to the charge which has been made against the Customs Department of having exacted duty upon packages containing free goods, or in other words, imposing a duty upon the baskets which contain peaches brought into this country. I know that it has been a source of a good deal, not only of abuse but of amusement, on the part of those who look upon the exaction of duty upon these articles as a very small matter, and one to which the department or the Government should not descend. Well, I have this to point out, that it is not for the officers of the Customs Department, whose duty it is to carry out the law, to question as to whether the provisions of that law be absurd or whether they be onerous on the importers. Instead of abusing or condemning the officers who perform their duty, such condemnation should be aimed at the law or at the Government which retains it upon the Statute-book; and, I repeat, it is not fair to officers who are sworn to do their duty, to condemn them for having performed it. It was stated by the hon. member for Welland (Mr. Ferguson), when the question was under discussion the other night, that the fees exacted on the American frontier, particularly in the west, were much higher and more onerous than the duty collected in Canada, or the duty which was imposed upon the packages containing free goods. The hon. member for Huntingdon (Mr. Seriver) smiled. He gave one of those ironical laughs in which he sometimes indulges, when the hon. gentleman called attention to the fact. Perhaps, after all, the hon. gentleman was laughing at something else, and if such was the case I withdraw my statement. I remember seeing a broad smile on

the hon. gentleman's countenance, and I understood him to dissent *in toto* from the proposition made. During my absence, last summer, the question of duty upon peach baskets was brought before the Department, and when I returned I found no little commotion, not only in the press but among many of our own friends, upon this question. I at once made enquiry as to what was the practice in the United States, and what order had been issued by the Commissioner and the then acting Minister of Customs. I found that the Commissioner had carried out the law literally as it stands on the Statute-book, and the acting Minister at the time had done precisely what I would have done had I been here—approved his conduct. I then asked the Collector at the Falls and the Inspector of Customs to make enquiry as to what the practice was in the United States, and I found that although the United States authorities impose no duty upon packages containing free goods, yet the exactions in the way of fees are equal to a duty ranging from 25 to even 60 or 70 per cent.

FEES CHARGED FOR CUSTOMS ENTRIES ON UNITED STATES FRONTIER, AND CONTRASTING SAME WITH COST OF MAKING ENTRIES IN CANADA.

In order that the country may understand precisely the difference in the practice on the frontier between the two Departments, I propose to read the letter of the Collector, and also the report of the Inspector upon this question. Mr. Peter Flynn, the Collector at Niagara Falls, on 29th September, 1888, wrote me as follows:—

“In reply to your favor of 27th inst., I beg to inform you that the United States Customs do not collect duty on packages containing fruit, but they collect \$1 on each entry of fruit, and all other non-dutiable goods; 25 cents is charged for manifest, 25 cents for blanks, and 50 cents for entry. Fifty cents of the dollar goes to the department at Washington, and the collector, as his perquisite, keeps the other half.”

I have also here a letter from the Collector at Hamilton on the same subject, but I will not trouble the House with it. The Inspector of Customs, Mr. Mewburn, wrote me as follows:—

Re UNITED STATES CUSTOM HOUSE FEES AT FRONTIER PORTS.

“At the inland port of Paris, Ont., a short time ago, in conversation with a railway official I was told that when a party shipped goods to the United States, in addition to the shipping or advance charges, a further charge for Custom house fees was made at the following places: Island Pond, \$1.45; St. Albans, \$1.55; Buffalo, 85 cents; Suspension Bridge, N.Y., \$1; Rouse's Point, \$1.10; Prescott, Canada, 70 cents; Fort Gratiot, \$1.45, and Detroit, \$1.45. I believe representations have been made to the Department at Ottawa on this subject. I beg leave,

however, to submit to you a report covering procedure in the United States, and the system which prevails in Canada in relation to fees, &c.

"I find that the United States Government fees are on entry for consumption of goods imported in vehicles, railroad cars and boats of less than 5 tons:—

Receiving manifest	25 cents.
Entry of goods, including permit to land.....	50 do
Total	75 cents.

"At Detroit, I enclose sample forms A, B, C; these forms are required when the value is over \$5, and for which a charge is made,

Say, entry fee.....	50 cents.
do blanks.....	20 do
Total.....	70 cents.

"The fee of 70 cents is charged if the goods come over, say, by waggon, or the ferry boat between Windsor and Detroit. If by railroad, then 25 cents additional for receiving a manifest. If, however, the value is less than \$5, no entry fee is required; a stub book is used, and receipt given; see form "D," attached Detroit forms. At Buffalo, Black Rock and Black Ferry, the Government fee is 50 cents, and collector charges 10 cents for a blank for free goods, and 20 cents if dutiable. The difference between Detroit and Buffalo is the former allows goods under \$5 value to be entered without fees, the latter charges whether free or dutiable, if the value is over \$1. At Niagara Falls, N.Y., at the two Suspension Bridges I beg to call special attention. Certain parties residing in Canada were sometime ago allowed to cart sand from sand pits on this side to the other. The value of a load of sand at the pit is about 50 cents a load, when loaded ready to cart, about \$1. These parties were allowed to make entry once a week or two weeks; say on one entry paying for entry, &c., \$1. This has, however, been stopped, and the parties were called upon to pay \$1 for every load for entry fees, so that if a party took over five loads of sand a day, he would have to pay \$5 for fees, although sand is on the free list. The consequence is the parties sell to Americans living across the bridge who pay the fee themselves, but they as American citizens are allowed to make entry in the old way, once a week or once a month, which is manifestly injurious to our own people living in Canada. Within a short time a sand or gravel pit has been opened out near Lockport, N.Y., and I am told influences are being used with the collector to compel every load of sand to pay entry fees, so as to prevent sand being imported from Canada, in order to develop the sand pit at Lockport, N.Y. In reference to Duluth goods, I enclose you forms A, B, C, D, E. These are all required in making one entry; say one load mixed vegetables, value \$3, duty 10 per cent.—30 cents. You will notice on the stub, receipt marked 'E.'

For duties.....	30c.
Entry of merchandise.....	50c.
Manifest.....	25c.
Blanks.....	25c.

Total for one load of vegetables, valued at \$3. \$1.30

"I may, however, be permitted to say that the collector might have charged 10 cents for each of the four blanks—40 cents instead of 25 cents and he would not have violated the United States Customs laws. The fee of 50 cents and 25 cents—75 cents, is not retained by the collector, as perquisite, but is remitted to the United States Treasury. This, therefore, operates as an indirect addition to the United States tariff. I am

not at all surprised at our people complaining of such indirect taxation in the shape of United States Customs fees.

"Our system in Canada is directly the contrary. No fees are charged with the exception of 5 cents for blanks if supplied by the collectors; at the ferries, if the value does not exceed \$5 in value the amount is entered on the ferry book, and all the importer has to do is to sign the book, opposite the entry; over \$5 entry is made at the head office without charge.

"I am told by the officials connected with the United States Customs Department that all these Government fees are to be done away with."

I hope the House is not wearied by my having delayed so long in pointing out the important difference between the treatment received by Canadian exporters to the United States, even on free goods, and comparing it with that which prevails in this country. In Canada the importer, as I have already stated, is not even obliged to pay the 5 cents for the form, unless he applies for it, for he can obtain it in any other place that he thinks proper. There are many other regulations in connection with the Customs on the other side of the line to which I could call the attention of the House, but I shall forbear doing so on the present occasion. I want to point out as an illustration of this fact, that while the people in Canada are continually finding fault with Customs officials for being too exacting, they should not forget that the regulations on the other side of the line are much more onerous and vexatious than they are here. A person sitting in the gallery and listening to the speeches which are constantly being made on the other side of the House must come to one of two conclusions: either that our rules and regulations are much more objectionable and vexatious than the rules in the United States, or that gentlemen on the other side of the House are anxious to point out every little defect in order to create all the difficulty they can between this country and the neighboring Republic. My hon. friend from Chateauguay (Mr. Holton) in defence of that portion of his resolution which provides for the carrying of every case into court, says that the Minister of Customs does not seem to have much confidence in the courts. Well, if I were to speak frankly I would say that, judging from my past experience, my hon. friend is not far wrong. It may be presumption on my part to say that cases which have gone before the courts have not been decided in accordance with, what I believe to be, Customs law or Customs usages. My hon. friend referred to the Grinnell case and to the Ayer case, and he might have gone a little further and referred to the Bertin case, lately tried in Montreal. The Grinnell case was one which came within the

meaning of that section of the Act which provides that parts of machinery brought into this country shall be valued for duty relatively to the value of the whole article when imported. We all know why that clause was placed on the Statute-books. If a completed article bore a rate of duty of 30 or 35 per cent., the practice was to bring it in piecemeal and put it together in Canada; and in order to prevent that kind of fraud the law was so framed as to make them pay duty on the parts of an article relatively to the value they bore to the whole article. The Grinnell parties objected to the ruling of the Department. It was taken to the Exchequer Court, and Judge Gwynne, who is certainly as eminent as the Chief Justice himself, gave a decision in favor of the Customs Department, and in giving that judgment he went a great deal further than the Customs Department ever thought of going, because he not only declared that the Customs officials were correct in imposing the duty in the manner I have pointed out, but that they would have been justified had they added the Royalty which is paid in the United States, and then imposed a duty on the full value of the article, though it had to be put together when it came into this country. The practice of the Department has been this: When an article is brought into the country in different parts, we deduct the expense necessary to put it together and complete it in this country, and charge the duty on the residue. Mr. Justice Gwynne decided that we need not even have gone that far, but that we would have been justified in collecting a duty on the full value of the article as if it had been complete when it came into the country. The Ayer case was on all fours with the Grinnell case. The Ayers had been in the habit of importing their patent medicines in bulk, as in barrels, puncheons, or casks, and then bottling it, and labelling it in this country. In that case we decided precisely as we had done in the Grinnell case. Chief Justice Ritchie took a very strong view in opposition to the decision of the Department, and delivered the judgment which my hon. friend read to-day, and which, I am bound to say, to my mind was not creditable to a judge occupying his position.

Mr. JONES (Halifax). Order.

Mr. BOWELL. It may be in order to defend a judgment, and to read to the House a condemnation of officials by a judge, as the hon. gentleman opposite has done, and to denounce such officials as everything that is wrong and

villainous ; but it is apparently out of order, in the opinion of the member for Halifax (Mr. Jones) to question that condemnation, particularly if it comes from so eminent a gentleman as a judge on the bench. But I say to my hon. friend who called me to order, that if he had been in the witness box, as I was, and the judge had prevented him from telling the whole story, as I was prevented, he would feel precisely as I do in reference to that matter. It may be the rules of court to stop a witness from telling the whole truth ; but I question very much whether it is either moral, or correct, or equitable.

DIFFICULTY OF OBTAINING CONVICTION IN COURTS, IN
CUSTOMS CASES.

In reference to the other Montreal case, I will call the attention of the House to it for a few moments, as it makes one doubt, in Customs matters particularly, whether magistrates or judges are always ready to mete out for infraction of the Customs law, that justice, which perhaps they would insist upon for the violation of other laws. We had complaints, very strong and repeated, from the city of Halifax, that it was impossible for the importers of wines of a certain quality, such as clarets and burgundies, from Bordeaux and certain other parts of France and the continent, to get them and pay the duty, as cheaply as they could be purchased, duty paid, in the city of Montreal. That was rather a serious charge. The officers were put on the alert, and they made a seizure. The magistrate, after hearing the case, dismissed it, but had some little qualms of conscience, because he made the importer pay his own costs, and the Government theirs. Now, I propose to read the facts in connection with this case, as reported to me, in order that the House and the country may see how difficult it is to punish an offender when taken into court :

“ Bertin keeps a small club on St. Antoine street in this city, and in addition has been for the past eighteen months acting as a sort of an agent for a house in Bordeaux, called A. Delmon & Co. His practice was to obtain orders for certain wines and send them to Delmon & Co. Delmon & Co would ship the wines and send out an invoice to Bertin covering the whole lot, and then a number of separate invoices for each individual to show that the consignment would be direct. Suspicion falling upon him, Customs officer Grose went to his house and seized his books and papers, from which it appeared that a special invoice had been asked for specially for the Customs ; and on examination it was found that the prices mentioned on the one produced at the Custom house were considerably less than those in the invoices made out for the parties direct, or in the account current sent from Delmon & Co. to Bertin.

" Five informations were made out under section 192 of the Customs Act.

" The case made out for the prosecution was, I think, very strong.

" From Bertin's own letter-book we showed that the transactions commenced by a deliberate request on his part, in writing, to Delmon & Co, when asking for a consignment of wines to be sent out at prices named, he wished a special invoice to be made out for use of the Customs. In this letter he asked that it should be made out in a specific form and with prices set opposite it lower than those Delmon & Co. were to charge. On the face of this letter he also stated that the invoice for the Customs would be null as between himself and Delmon & Co. Letters in the same sense were found throughout the letter-book.

" Delmon & Co. accepted Mr. Bertin's request and, for these five entries sent out what purported to be an invoice with prices set opposite as requested by Bertin. None of these invoices used at the Customs were made out on the regular printed ruled invoice heads that Delmon & Co. appeared to have used, and on which they made out their invoices when sending direct to the individuals. Sometimes these Customs invoices were on plain paper, entirely written and hand-ruled, and sometimes they were on a letter-head paper.

" The proof then showed on procuring invoices sent to the various individuals, that the prices mentioned in the invoices used at the Customs were about 50 per cent. lower than that charged by Delmon & Co. to the individuals. We produced also (having found it in Bertin's possession) an account current between himself and Delmon & Co., by which it appeared that Bertin was charged with the prices mentioned in the invoices sent to the individuals, and not charged the lower amounts shown in the invoices produced at the Customs. It also appeared from these invoices that we found in the possession of individuals, that Delmon & Co. were in the habit of drawing drafts for the face amount of these invoices upon the individuals.

" This was the proof for the prosecution, and as far as documentary evidence could go, and documents found in Bertin's possession, one would think ought to be conclusive, the letter-book, the low-priced invoices to the Customs, the price on invoices sent to individuals, and the account current recognising the latter, there seemed to be little doubt as to the result of the judgment.

" The defence contended that the wines imported were very low priced, and a low class of wines, that Bertin was acting as agent for Delmon & Co, and got 20 per cent. commission on the prices mentioned in the invoices sent to individuals, which also included the duty, freight and charges.

" There was some proof, to which I objected, adduced that this wine was very inferior and of low class, and probably entered at the right price of duty."

This prosecution was not as to whether the wines were entered at an undervaluation, but it was a criminal prosecution on the ground that he had presented to the Customs a false invoice and not a correct one. The report continues:

" Two witnesses were brought to show that the prices they were to pay and mentioned in the invoices which they produced, included all charges, while one witness, who had been dealing with Mr. Bertin, said he undertook that he had to pay duty and freight."

Which was not the case—

" A statement was produced to show that the price in the invoices sent the individuals could also include the freight and charges, and which

statement is as follows:—Price of 50 gallons wine at Bordeaux, \$20,	
charges, 30 per cent. Duty	\$ 6 00
25 cents per gallon.....	12 50
Commission	4 00
Freight	2 00
Leakage.....	2 00
Insurance	0 25
Transportation.....	0 60
Brokerage.....	0 50
Interest.....	0 10
Exchange	0 20

\$28 45

' Assuming the above charges, however, I make a calculation on the invoice produced by a man named Cizol. He was to pay for 4 bariques containing 48 gallons, \$108.08.

The charges would be :—Duty 25 c. per gallon.....	\$48 00
The wine was entered at the Customs at \$20 per	
hhd. or 90 francs per half barique, and 30 per c.	
on this would be.....	24 00
Bertin's commission at 20 per c	21 60
Freight.....	8 00
Leakage, &c	4 00
Total	\$105 60

" Deducting this from the amount of the invoice, it would leave \$3.48 coming to Mr. Deimon for four bariques, or 60 cents a barique, or a trifle more than a cent a gallon. A somewhat similar result was shown in each of the other invoices that were produced by individuals."

And yet in the face of that evidence, the magistrate dismissed the case, but his qualms of conscience would not allow him to charge the Government with the costs to which this importer had to be put. I may here remark that, in relation to many classes of crime, there is but one opinion held by law abiding citizens: the universal verdict is that such offences must be stamped out, and the execution of the most severe laws is hailed with general satisfaction. Unfortunately for those who are charged with the administration of the Customs laws, there seems to be abroad among a large number of people, who give but casual consideration to the subject, a disposition to mildly reprobate the putting into execution of the inhibitive and penal sections of the Customs Act.

POPULAR VIEW OF THE OFFENCE OF SMUGGLING.

Let us take smuggling for example. This has been a common offence in all countries depending upon foreign trade for revenue. Strong repressive measures have been necessary for its prevention, and never more so than in our country at the present time, because of our proximity to the United States frontier and the facilities with which

goods can be introduced into the Dominion, both by sea and by land from that country; and also because of the great temptation from high duties, and the hope of great profits to the smuggler. Under the old English laws, the punishment was of exceeding severity, bearing no reasonable proportion to the offence. Smuggling has never been looked upon as in itself a crime, and hence it has in no age encountered the restraining influences of morality and good conscience. It is of that class of offences which are criminal only because they are prohibited by law.

MAGISTERIAL CLEMENCY TOWARDS THOSE WHO BREAK THE
CUSTOMS LAW.

The Bertin case is a fair specimen of the frauds practiced on the Customs, and the difficulties that present themselves in enforcing the law. Let me give you another that occurred in Montreal one or two years ago. When they were constructing the Montreal abattoir, they imported machinery for the equipment of the buildings, and entries were made for machinery valued at \$300. The secretary of the company made affidavit to the correctness of the invoice as presented for duty. His books and the original invoices that were suppressed showed that \$8,000 had been paid by the company for the very machinery which they had entered at \$300. That case was brought before a magistrate of the district of Montreal. He took two or three months to consider his judgment, and then dismissed the suit, on the ground that as the secretary-treasurer could have had no personal interest in the matter, he could not have been guilty of making a false affidavit; and this in face of evidence that, in addition to his being a paid servant of the company, he held \$8,000 stock in it. In the county of the hon. member for Northumberland, N.B., we had another case. A merchant of one of the towns in that county had employed a pilot to go to St Pierre to bring in certain quantities of liquor which he was to land upon a wharf and for which he was to receive a certain remuneration,—the merchant taking all the responsibility after the liquor was landed. Subsequently the liquors were found, though a large portion of them had been hidden away in the woods. I came to the conclusion that this was a clear case; that the parties who induced the pilot to take his boat and commit the fraud of smuggling should be punished, and that a nominal fine of \$100 should be imposed upon the owner of the boat. The case was taken before the grand jury,

and what was their presentment? It was a condemnation of the Government for not having prosecuted the captain of the boat, the grand jury declaring we had no right to prosecute the man who was the principal, and who had paid the pilot to commit the fraud. Let me refer to another case which occurred in Ontario. A man who had been actually caught in the act of smuggling, attempted to bribe the officer. The officer reported the fact to his Collector. The Collector reported to headquarters. In the Audit Act, the punishment for attempting to bribe an officer is very severe, and I thought that was a good case in which to make an example of those who tamper with the honesty of the officials. The case went before a magistrate, and he came to the sage conclusion that, as the man did not take the money, the other party did not commit the bribery, but as the offering of the money was an attempt to bribe, which the law punishes by sending the offender to gaol and condemning him to pay a fine not exceeding a certain amount, the magistrate sent the accused to gaol for a few minutes and fined him a few cents.

Mr. JONES (Halifax). Was he a Grit or Tory?

Mr. BOWELL. The Customs law is not political, but one which affects Liberal as well as Conservative, and which ought to be administered regardless of politics. These are not the only cases to which I could call the attention of the House, but I do not desire to continue this discussion any longer than necessary.

CONDUCT OF CUSTOMS OFFICERS.

I notice my hon. friend from Welland (Mr. Ferguson) made use of very strong language in reference to some seizures that had been made in his own county. I have no doubt that he had been told by those whose premises had been raided by these "pirates," as they are termed, that they had been very improperly and very badly used. I looked up these cases, and what are they? What is the fact in regard to these druggists whom the hon. gentleman desired to defend? The decision in the one case was come to because no defence was put in by the party, and is as follows:—

"No evidence having been received by or on behalf of the party from whom the seizure was made, in rebuttal of the charge, the undersigned would respectfully recommend that the seizure be confirmed, and the amount deposited on release of the goods be declared forfeited to the Crown."

That was one case in which the person received the regular notice, but put in no defence, and, under such circumstances, the Department could do nothing else than declare the goods forfeited. The other case was where the individual acknowledged the smuggling, paid the money and abandoned all claim to the goods. These are some of the cases to which reference was made, at Niagara, when the officers went to that port to search certain stores, the keepers of which had been represented to have been smuggling. It is true that one of the drug shops searched for smuggled goods, was found to have none, and consequently no penalty was imposed. I quite admit that that appears to be an indignity to an innocent man, but the duty of the officers and of the officials here is, when complaints are made, to investigate them, and the officers did their simple duty in ascertaining whether smuggling had been carried on or not.

The argument that the law should be altered because of alleged abuse of its provisions by incompetent officers is surely a lame one. As well might all law be abolished in districts where it might be badly administered by the magistracy. Why, instead of general fulminations against the whole body of Customs officers, do not hon. gentlemen specify the exact occasions and circumstances under which the powers given them by law have been abused by individual officers? It would then be possible to investigate such specific charges, and if the officer were found to have exceeded his duty, or in any way misused his powers, he could be dealt with.

PROBABLE EFFECT OF ADOPTION OF MOTION NOW BEFORE
THE HOUSE.

Let me read the deliberate opinion of the official in charge of the United States Customs at New Orleans, as to the results of a change in the Customs laws of that country, such as hon. gentlemen opposite appear to advocate for Canada. Writing to the Secretary of the Treasury, under date 8th September, 1885, the official in question, Special Agent Neven says:

"Undervaluations have been on the increase since the passage of the Act of 22nd June, 1874. It was comparatively nothing before that time. The law of 1863 relating to the seizure of books and papers was a great protection to the revenue, and was only objectionable in the manner of its enforcement by certain officers. Instead of correcting the abuse, the anti-molety Act was conceived and became a law, at once destroying the importing trade in the hands of American merchants and turning it over to foreign manufacturers, and costing the revenue untold millions."

FEELING OF CANADIAN MERCANTILE COMMUNITY ON SUBJECT
OF STRICT ENFORCEMENT OF CUSTOMS ACT.

I have this to say to my hon. friend from Chateauguay (Mr. Holton): He states that the merchants of this country are horrified at the actions of the Department and the seizures that have been made, but that applies only to those who have been violating the law or have been guilty of smuggling in some way or other. The best evidence of such fact is that which I shall now lay before the House.

A short time since, the Department, mainly through the assistance of one of the reputable wholesale houses of the Dominion, was enabled to lay bare a scandalous system of fraud, extending even to perjury and forgery, which had been successfully carried out for years, by a Toronto hardware firm.

The facts coming to the knowledge of the general business community, various urgent representations were made to me that the principals in these crimes should be made examples of in such a manner as to deter others from the continuance of similar practices.

I hold in my hand and will now read to the House, a petition from the business men of Montreal on the subject of the propriety of, and necessity for, the most rigorous prosecution of the firm in question. The petition is as follows:—

“ MONTREAL, 25th January, 1888.

“ HON. MACKENZIE BOWELL,
“ Minister of Customs,
“ Ottawa.

“ SIR,—We the undersigned merchants and importers of hardware in the city of Montreal, having heard of the irregular and fraudulent entries made by a certain firm in Toronto in the same line of business as ourselves, do petition that you will investigate the matter thoroughly, and have the entries of the said firm during the years 1886, 1887, as well as 1888, carefully examined. Our reason for thus urging the matter is that, for a long time past, we have been unable to compete in certain lines of goods with the house in question, thereby losing us not only the confidence of our customers, but in many instances a considerable amount of business. We hope that, in dealing with this matter, you will protect the interest of the honest importer by inflicting the full penalty which the law imposes for such irregularities against the revenue.”

“ We remain, yours respectfully,

FROTHINGHAM & WORKMAN.	G. C. SNOWDON & CO.,
CAVERHILL, LEARMONT & CO.,	HOWDEN, STARKE & CO.,
BENNY, MAOPHERSON & CO.,	L. N. HEBERT,
CRATHERN & CAVERHILL,	PREVOST, PRÉVOST & CO.,
MCCLARY MFG. CO.,	PIGÉ, TISDALE & PAINCHAUD,
SEYBOLD, SON & CO.,	HENRY & LACROIX,
THOS DAVIDSON & CO.,	LEWIS BROS & CO.,
R. & W. WARMINTON.	

Possibly hon. gentlemen, having heard this testimony, will admit the cojancy of the reasoning of the Montreal merchants, whose business interests have suffered so tangibly in this instance; and it must be borne in mind that the strong probability is that this particular case is only an exceptional discovery, and that similar systems of fraud, equally baneful in their results, are still, and have for long been, going on undiscovered and consequently unchecked. It can thus be, perhaps, understood that the offering of premiums to the proper class of Customs officers is essentially in the best interests of the Dominion.

Now, why did these firms deem it necessary to send such a petition as that to the Customs Department? For the reason that, when information was put before me, and I sent officers to investigate the matter, the newspapers at once commenced publishing a series of articles condemning the Customs Department for going into honest men's establishments, seizing their books, weakening the confidence of the people in them, and destroying their business. When it was found that a thorough investigation was being made, a charge was then made against the officers, because they were acting civilly to the guilty parties, that they were being purchased and tampered with, and that these persons were to be let off with a nominal penalty. Well, the penalty inflicted was some \$9,000, and when a criminal prosecution was to be instituted, both partners in the business left for the United States.

EMPLOYMENT OF CUSTOMS DETECTIVES FAVORED BY MONTREAL BUSINESS MEN OF HIGH STANDING.

Another indication of popular feeling in this direction is now before me. In reply to a question recently asked in this House, I informed an hon. gentleman that John A. Grose, one of the detectives employed on the Special Agent's staff, had stated his intention of resigning and entering upon some other employment. This person may be held to represent the very class of Customs employé whose high-handed and, as alleged, illegal and offensive conduct in connection with the making of seizures, would presumably make the merchantile community anxious that the vacancy caused by his retirement should not be filled. But what is the fact? I have here a recommendation, signed by 32 of the wholesale firms in Montreal, asking that this position be filled, and recommending a man for it. This memorial is as follows:—

" MONTREAL, January 30th, 1889.

" To the Hon. MACKENZIE BOWELL,
" Minister of Customs, Ottawa.

" We, the undersigned merchants of the city of Montreal, have much pleasure in recommending [I need not mention the name] for the vacant position of Special Customs Detective.

" We are,

" Your obedient servants,

H. SHOREY & CO.,	GREEN, SONS & CO.,
GAULT BROS. & CO.,	JAMES CORI-TINE & CO.,
D. MORRIS, SON & CO.,	HODGSON, SUMNER & CO.,
JAS. O'BRIEN & CO.,	BENNY, MACPHERSON & CO.,
JAS. LINTON & CO.,	RANKIN, BEATTIE & CO.,
JAS. POPHAM & CO.,	J. G. MACKENZIE & CO.,
MILLS & HUTCHISON,	R. H. HOLLAND & CO.,
S. GREENSHIELDS, SON & CO.,	B. LEVIN & CO.,
McINTYRE, SON & CO.,	TOOKE BROS.,
E. A. SMALL & CO.,	H. A. NELSON & SONS,
R. TYLER,	LOCKERBY BROS.,
BEALL, ROSS & CO.,	KINLOCK, LINDSAY & CO.,
MAOKAY BROTHERS,	J. W. MACKEDIE & CO.,
P. D. DODDS & CO.,	MINTO, LAVIGNE & CO.,
JAS JOHNSTON & CO.,	ROBERTSON, LINTON & CO.,
JOHN MACLEAN & CO.,	SILVERMAN, BOULTER & CO.

I might here remind the House that Montreal has, within the past five years, furnished many serious examples of fraudulent transactions in respect of Customs entries, and the local press there has teemed with extremely hostile criticisms of the methods adopted by the Special Agent's staff, to which the person in question was attached. It cannot, however, be denied that this memorial from the merchants of Montreal must be accepted as the best possible testimony to the fact that the success of the honest merchant is materially aided by the employment of special Customs officers who are capable of successfully circumventing and suppressing the various schemes which are resorted to in order to defraud the revenue of its just dues. If the actions of the Special Agent were of such a villainous character as has been represented, if the honest merchants had been interfered with to such an extent and had become so disgusted with the system as it has been stated they are, would the most wealthy class of the community of Montreal, who are deeply interested in seeing that every man should pay the duty properly, have petitioned to have the position named filled by a man in whom they had confidence? I think I am quite safe in saying that the merchants and the honest importers throughout the whole country approve of the system which has been in force in Canada for a long time. I do not desire to be understood to say that, where

so many cases are coming before the Department and complaints are being constantly made in regard to dishonest importors, there may not be cases of hardship. When those cases come before the Department, they are always considered and dealt with as leniently as the law will permit. That reminds me of a charge which was made, I must admit to my surprise, by the hon. member for North Norfolk (Mr. Charlton) on a previous occasion, when, in speaking of those cases, he said :

" The case is referred of course to the head of the Department, and the head of the Department in nine cases out of ten will sustain the official whether the official is right or wrong.

" Mr. FOSTER. No.

" Mr. CHARLTON. The system promotes tyrannical conduct the part of the officials of the Government. It is in every respect a vicious system, and these men will pay more attention to their own interest in the matter of making seizures than they will to the public interest."

I hesitate not to say that there is not a man in this House of the whole of the 214 members, to whom I would, if I had been in the House, have appealed with more confidence in denial of that statement than to him. I told him I intended, when the question came up, to refer to the subject here, and I say distinctly that he of all men has no right to make that charge against the head of the Department; he of all men in this House has had leniency shown him by the head of the Department in dealing with penalties which had been imposed upon vessels in which he was interested. I do not desire to be understood as stating that he was a party to the violations of the law, but I do say that when representations were made by him on behalf of the captains of vessels which had violated the law, instead of enforcing the report made by the officials at the points at which the seizures were made, and the reports made upon them by the Commissioner and the Assistant Commissioner here, leniency was extended after a full investigation by myself into the cases in which he was interested; and, in some cases, captains were allowed to go without payment of any penalty other than the cost attached to their own negligence, while in other cases they have been refunded a part of the penalty which the officials had exacted from them. I may add that hon. gentlemen sometimes, in discussing this question, forget the facts connected with their own transactions and they forget also the difficulties that arise, not only in the investigation, but in coming to a correct conclusion as to the veracity of the parties who make the statements, whether they be officials or whether

they be parties who have violated the law. There are many cases in which the officers do their duty to the letter, but there are circumstances attending the transaction which justify the head of the Department in not imposing the penalties which are provided by the law. The very last case that I decided, in connection with a vessel which had paid a rather heavy penalty in the west, was one of those cases: it was one in which the hon. member for North Norfolk (Mr. Charlton) was interested, and upon his representations, and upon the evidence of the captain, which was confirmed by the collector at Windsor, he had every dollar remitted to him except the expenses. And yet, in my absence, he declares to this House that in nine cases out of ten, whether right or wrong, the head of the Department confirms the reports of his officers.

THE MOIETY SYSTEM.

Now, I propose to call the attention of the House for a few moments to the moiety question, and will be as brief as possible. I must apologise to the House for occupying so much time, but I do so because this question has created a good deal of dissatisfaction, among those who had to pay penalties, more particularly; and I regret to say—perhaps I am wrong—but my impression is that politicians have taken it up in order to create a feeling, not against the officials particularly, but to injure the Government for enforcing the law. It has been in many directions of great advantage to Canadian legislators to avail themselves of the past experience of the United States. Notwithstanding our different systems of government, there are many subjects for legislation in respect of which the traditions and education of our own people tend to make the example of the United States of peculiar value, and in no direction can the experience of that country be more advantageously studied by Canadians, than in relation to revenue and tariff matters. I wish, therefore, to remind hon. gentlemen that in the year 1874, in consequence of pressure brought to bear upon Congress by prominent and interested business men, the provisions of their Customs law were repealed, under which moieties of fines, penalties or forfeitures were paid to officers of Customs. Up to the date of such repeal, United States Customs officers and informers were awarded one-half the proceeds of seizures and fines, the remaining one-half reverting to the Treasury. A great deal has been said in reference to the action of the United States Government in

repealing what is termed the Moiety Act. This matter was fully investigated by Secretary Manning in 1835. He issued a circular to all his officials and to prominent merchants, asking their opinion as to the effect which the repeal of that Act had had upon the collection of the revenue and upon honest importers, and whether the result had been the diminishing of smuggling or its increase. In issuing this circular, he says :

"In order that I may have before me, in preparing my annual report to Congress, a correct appreciation of the results and the effects of our recent investigations of Custom house affairs, and in order that I may decide how much and what proportion, if any of the record shall be sent to Congress, I desire that careful and official replies to the following enquiries, with adequate completeness of details of facts and figures, be prepared for my use at the earliest practical day."

This is signed by Daniel Manning, Secretary of the United States Treasury. It covers a great many subjects, but that to which I desire to refer is covered by the 17th question :

"Have the false reports by the appraisers been increased by the repeal, in 1874, of the moiety law, and by the Customs legislation of that date, modifying the existing law, and especially modifying that of 1863, respecting seizures of books and papers ?"

Many answers are given to that question. I have them before me, and have made extracts which it may be interesting for me to read. Here is a joint memorandum placed before the secretary in 1884, and signed by the chief clerk, assistant clerk, and the auditor of the New York Custom house. This memorandum will be found on page 596 of the report of the Secretary of the Treasury, of 1835, to which I call the attention of the House. It concludes as follows :—

"The solvency and the life of the Government are dependent upon the certainty of the collection of its revenues, and strict laws are an absolute necessity to ensure their payment into the national Treasury ; and such statutes may be efficiently executed without injustice to the citizens who, having the welfare of this country at heart, would not knowingly commit a fraud upon it. Stringent laws are as essential to the honest taxpayers as to the Government, for smuggled and other fraudulent importations would not fail to destroy the business existence of loyal and conscientious merchants. No Government can afford laws that would be inimical to the interests of such citizens, and yet our Congress has a Bill before it, which, if it becomes law, will certainly encourage frauds upon the revenue and drive from trade and make bankrupt the honest importer, who, of course, could not compete in prices with those who might successfully evade the payment of the just impost."

Referring to Customs officers and the moiety system, they say :

"The Customs officer, of course, would execute the law ; but deprive him of his just moiety, and he will and must avoid personal risk. The

experiment of detecting frauds without moieties has been tried and found wanting (see the Act of 11th February, 1846) and in the absence of a proper equivalent to the seizing officer and with a high tariff in operation, smuggling and frauds upon the revenue will be encouraged and run riot in every port in the United States. * * *

"Moreover, he is under heavy bonds for the faithful collection of the revenue. Will any man in that office take the great responsibility of making seizures without a fair and equitable compensation? No. And it would be unreasonable and contrary to the laws of nature to expect it. An incentive or reward is a necessity to the sure punishment of offenders."

I may add that instances of that kind have come under my own knowledge. The one to which I called attention a few moments ago was an example, in which case the importer, having acknowledged that he had smuggled and paid the fine, then said that he had done so through coercion and had never been guilty of fraud. Quoting from the report of the Secretary of the Treasury on the Collection of Duties, 1885, we find on page 340, the joint opinions of Special Agents L. G. Martin and A. K. Tingle, to be as follows:—

"The consignment system as it now exists, has largely grown up since the enactment in 1874, of the law known as the Anti-Moiety Act. A careful examination of the provisions of this law will show to any unprejudiced mind that, if it was not designed for that object, its tendency is to create the very condition of affairs, as to values, which now exists. It practically ties the hands of the Government, and prevents the enforcement of the tariff laws, in that it prevents its officers from obtaining proofs necessary to establish a fraud by undervaluation. Proof of such frauds could be usually obtained under the old law by an examination of the books and papers of the importer, where such an examination was made without giving him an opportunity to sequester the papers. There is a provision of the Act of 1874 under which books and papers of an importer may be examined by the attorney of the Government after suit is commenced, but notice must be given to the importer of the particular books and papers desired, and this gives an opportunity to those who are dishonest to suppress proof of guilt.

"Under former laws, informers in Customs cases were assured of 25 per cent. of the sum realised by the Government for the information furnished. Under the present law their compensation is dependent upon many contingencies. If the fraud revealed consists of undervaluation, they are not sure of any reward, because of the difficulty of collecting even advanced duties, not to speak of the impossibility of securing forfeitures; and the amount in any case depends upon the discretion of the Secretary of the Treasury and cannot exceed \$5,000. When a great fraud has been successful, those having knowledge of it find it more profitable to treat with the guilty parties than with the Government."

The same officers in reply to the additional enquiries, on page 348 of the same report, say:—

"By the very condition of affairs as to values which now exists as stated in the second sentence of our reply to enquiry No. 17, we mean the prevalent practice of under-invoicing consigned goods, which has been for some years past and is now so general as to many lines of merchandise. We think that the comparative immunity from all risk of

punishment either in pocket or in person enjoyed by importers since the passage of the Anti-Moiety Act has tended to encourage the fraudulent practices by which the revenue laws are so largely evaded."

It is under this consignment system the greatest frauds are perpetrated, as every merchant who pays his duty knows, and the instance of Bertin & Co., wine merchants, is a case in point, for, as I have shown, when they deducted the charges and duty on the consignment, there was left about 2 cents per gallon to send to the party from whom the wine was purchased in Bordeaux. On page 363 of the report, Special Agent A. M. Barney, of Galveston, Texas, says :

"... So far as my experience goes there has been no perceptible increase of false reports by appraisers, since the repeal of the so-called Moiety Law in 1874, although there has arisen since that time a distrust on the part of appraisers and others of their ability to force an increase in values honestly believed to be dutiable, as by the repeal of that Act the burden of proving intent has been thrown upon the Government, and the right to examine books, papers, invoices, &c., has been taken away from the Government, or so hedged about with difficulties as to render it inoperative and void. The repeal of the Moiety Act had also had the effect to decrease to a large extent the number and values of seizures for undervaluation and in smuggling cases. The United States seems to be the only civilized country on the globe that does not offer a premium for information in regard to an infraction of its laws.

On page 391 of the report, Special Agent, N. W. Bingham, of Boston, Mass., says :

"I have already stated that, in my judgment, the repeal of the Moiety Law has resulted in largely increasing the undervaluation in invoices and entries, and has resulted, naturally, in the increase of incorrect reports by the appraisers, for the reason that the invoice, in the absence of contradictory evidence, would be taken as conclusive evidence of value. But the evils resulting from the repeal of the Moiety Law extend beyond this; they are not alone found in the encouragement given to illicit transactions whereby the appraising officers are deceived, but the encouragement to give information is withdrawn, except in matters of comparatively small importance, and with those who are willing to be published in the courts, and annually to Congress as informers, and the officers are deprived of the incentive to a special vigilance and the means of obtaining testimony from the books and papers of the importers."

On page 406 of the report, James B. Power, Special Agent at New York City, writes :

"The repeal of the Moiety law and the modification of the law authorizing seizure of books and papers, restricted the power of Customs officers in the pursuit of fraud. While the Government still has the power to examine books and papers, this power can only be exercised under the sanction and authority of a justice of the United States Court, and the particular books and papers must be described before such sanction is given. Under the old law an officer could make an unexpected descent on a suspected importer, and having power to examine all books and papers, could discover fraud if any existed. While the power

conferred by this law was arbitrary and liable to abuse, the honest merchant had nothing to apprehend from its operation. The repeal of the Moiety Law removed all incentive to the giving of information by clerks and other employes possessed of knowledge of fraudulent doings by their employers."

On page 504 of the report, Edmund D. White, Examiner in the Appraiser's Office at Boston, states :

"It would seem to be almost self-evident that the repeal of the Moiety Law removed a great and ever present stimulus to Customs officers, which added to the requirements of their oath and their sense of official obligations, to be not only true to their trusts but to exercise extra vigilance. I do not believe that its repeal made any difference with an honest appraiser like, Mr. Rice at this port, but its general effect could be but in one direction, and that the wrong one."

On page 541 of the report B. B. Smalley, Collector of Customs at Burlington, Vt., says :

"In answer to interrogatory No. 17: In my opinion frauds on the revenue have been largely increased by the repeal of the Moiety Law. I think it would be for the interests of the Government to have it re-enacted with proper guards to prevent abuses under it."

On page 545, John Hitt, Special Deputy Collector at Chicago, Ill., says :

"The repeal of the Moiety Act, 22nd June, 1874, was a blunder of the first magnitude, so far as the revenue was concerned. The fact remains that public opinion did not sustain the methods adopted by Special Agent Jayne and other agents of the Treasury. The reaction resulted in the repeal of the Moiety Act. Since that repeal undervaluation has increased greatly at the great ports, if we may believe the testimony of the merchants here, who cannot import silks and many kinds of goods by reason of the system of agents of European manufacturers stationed in New York. * * * The conscience of the country is not sensitive in regard to frauds upon the Customs revenue. * * * The loss to the Revenue by this laxness of opinion is, in my opinion, many millions each year."

On page 557 of the report, Charles H. Ham, Appraiser at Chicago, Ill., states :

"Herewith I enclose a schedule covering the years from 1873 to 1877, inclusive. From the schedule it will be seen that, whereas in 1873 the seizures, &c., amounted to \$773,370.09, in 1877 the total amount was only \$10,131.09. I attribute this decrease to the discouraging effect of the legislation of 1874. The Civil Service Commission of 1871, known as the Curtis Commission, estimated that one-fourth of the revenue of the United States was lost in their collection."

The Jay Commission (1877) quote this estimate; and they also say : "Some facts submitted by the importers touching the offer of foreign manufacturers to deliver in New York goods at a lower rate than they can honestly be imported at, would not seem to indicate increasing strictness and success in protecting the revenue."

Mr. Ham continues : "The circumstances of this repeal of the Moiety Law show, I think, that it ought not to have been repealed, and go far to show that it ought to be re-enacted. 1st—It was repealed on the heels of a series of enormous frauds, which were discovered through its aid—the seizure of books and papers. 2nd—It was repealed against the protest of those Government officials who had found it an efficient

means of punishing and detecting frauds. 3rd—It was repealed at the demand of the persons who had been proven guilty of its violation. At least I am informed and believe such to be the facts, and if these are facts, the repeal legislation of 1874 was little less than infamous.

"I see no good reason why the Moiety Act covering power to seize books and papers should not be again made part of the machinery for collecting the Customs revenue, whether that revenue shall continue to be raised, as now, largely by *ad valorem* rates or, as I hope it will be, wholly by specific rates

"I do not think that honest merchants ever have objected or ever would object to such a law as oppressive. It is to the interest of merchants that the revenue should be collected; not a part of it but all of it.

"A member of one of the large importing houses here said to me recently: 'I think the repeal of the Moieties Law under the circumstances (and he knew the circumstances as I have described them in this report) was a very iniquitous act.'

"To the question, 'Would you object to Government officials looking at your books?' he replied promptly: 'I am willing that Government agents should examine my books to the last detail.'

On page 588 of the report, Edward L. Heddon, Collector of Customs, New York, says:

"I am of the opinion that the repeal of the Moiety Law has deprived the Government of millions of dollars of revenue, and has been one of the direct influences to cause undervaluations."

On page 675, N. G. Williams, Deputy Collector of Customs, New York, says:

"I believe that undervaluations of invoices greatly increased since the repeal of the Moiety Law. Although the law was denounced and made to appear as very unpopular, it is nevertheless true that it was beneficial to the best interests of the Government, and it afforded the honest importer appreciable protection against the dishonest practice of swindling importers. The sentiment against the law was stirred up and formulated by men inimical to the interests of the business men of the country. The practical effect of the repeal of the law has been to drive honest American importing houses out of the trade, so that to-day the vast bulk of the importing business is in the hands of foreign agents who have no respect for our revenue laws, and are mercenary to the last degree. I believe it is this class of men who are most guilty of corrupting officers in the revenue service. Congress should restore the law to the Statute-book."

On page 698, George N. Birdsall, Assistant Appraiser at New York, says:

"I am of the opinion that the repeal of the moiety provisions of the Act of 22nd June, 1874, has caused more undetected undervaluation, because it removed an extra incentive to work for their detection. This dishonest importers have availed themselves of, they knowing that, if the incentive is not there, the risk of detection is lessened."

On page 861, T. B. Sanders, Deputy Commissioner of Navigation, Washington, says:

"The passage of the Anti-Moiety Act must necessarily have increased the temptation to defraud the revenue, and I have no doubt has actually led to violations of the revenue laws."

On page 42⁶, George B. Church, Inspector of Customs, Ogdensburgh, N.Y., says:

"There seems to be no difference of opinion among those whose duty has brought them in contact with the operation of the Act of 22nd June, 1874. While this Act was passed as a reform measure, for the protection of the revenue, had it been enacted for the purpose of enabling dishonest people to evade the tariff laws, it could not have better accomplished that object."

It will be borne in mind that these various expressions of opinion, were given to the Secretary of the Treasury during the year 1885, and though some disposition was shown by the Government of the United States, the succeeding year, to move in the direction of re-enacting a Moiety Law, the matter is still unsettled there; therefore it is interesting to know the opinion of Colonel James A. Jewell, the present Supervising Special Agent of the United States Treasury, as to the difficulties which are at present being encountered in the collection of proper duties in that country. In his annual report to the Secretary of the Treasury, dated 26th November, 1887, he states:

"The faulty construction of the present tariff laws, the inadequate means prescribed for re-appraisements, and the restrictions upon prosecutions for forfeiture, imposed by the Act of 1874, known as the 'Anti-Moiety Act,' have made it impossible for the officers of the Government charged with the administration of the Tariff, to protect the revenue from fraud, or the honest merchant from unfair competition.

"From any point of view the present system is objectionable, and instead of securing uniform and fair appraisements, as the law contemplates, its effect is to obstruct the efforts of the local appraisers to secure that object, and it affords the means by which unscrupulous importers, combining together, are enabled to perpetuate a well established system of defrauding the revenue."

More recently, on 17th November, 1888, the same officer in his annual report states:

"While the chief officers of the Customs at the principal ports have generally co-operated heartily with the department in its efforts to enforce the laws and regulations, the abuses still continue; the unscrupulous still prosper at the expense of the public revenue and honest importers, and it is manifest that justice and equality at the Custom houses cannot be secured to all interested, without a radical revision of the Customs Revenue Laws and a reformation of existing administrative methods and machinery.

"All experience has shown that high *ad valorem* rates cannot be collected with fairness and uniformity under any system of administrative laws and regulations hitherto devised, much less under the present loose restrictive laws and inadequate and ineffective system of appraisement."

UNITED STATES BUSINESS MEN ON THE MOIETY LAW.

All the foregoing opinions have emanated from responsible officers of the United States Treasury Department, but I have before me replies addressed to the Secretary of

the Treasury by three representative business corporations, which must be admitted to have great value as representing the probable views of the general business community, and I will ask the House to allow me to read the same. On page 295 of the Secretary of the Treasury's Report, on Revision of the Tariff, James Lees & Sons, woollen manufacturers, Bridgeport, Pa., state :

"We do say, however, the 'moiety' Act should not have been repealed. As the law now stands, you are compelled to show the intention on the part of an importer to defraud before you can convict. The court is even obliged to charge the jury—that the 'intention' to defraud must be shown. It is a very difficult matter to prove the intention of a person, so conviction is frequently impossible. We are large importers ourselves, and we find a great deal of very unfair competition on the part of those who have no regard for honest business methods and the sanctity of an oath."

On page 434, the manufacturers of Rhode Island, under date Providence R. I., 22nd October, 1885, say :

"As you kindly invite information as to the character and extent of current fraud by undervaluation, as well as concerning methods for its suppression, we would say that the conviction is very general among Rhode Island business men that this class of fraud prevails as to nearly all kinds of imports whereon *ad valorem* duties are assessed, and that its magnitude is heavy. Especially do the abuses prevail as to merchandise imported as actual property of foreign owners and handled solely for their account and profit. In our opinion, the suppression of such frauds was greatly weakened by the action of the Forty-third Congress concerning the law known as the 'Moiety Law,' to which action we will take the liberty to make further reference."

"Referring again to the 'Moiety Law,' important provisions of which were repealed by the 43rd Congress, we by no means assume the perfectness of that law as originally drawn, nor do we forget the grave abuses under it, but inasmuch as its foundation principle seems sound and in harmony with the general experience of other nations, we cannot but think that the repeal of its vital features, however the law may have needed amendment in some details, was a serious impairment of facility for the honest collection of Government dues. We believe that laws similar in principle and purpose to the 'Moiety Law' are calculated to greatly advance the end you seek to promote, in furnishing machinery indispensable to successful combat with the frauds under consideration."

On page 321, The National Association of Wool Manufacturers, write as follows :—

"Proposed remedy for undervaluation.—While the present tariff, in our opinion, should not be changed, we think its efficacy for revenue purposes and the protection of manufacturers and honest importers may be increased by improved methods of administration, fortunately, as we think, within your special province, and by improved administrative legislation, which you, above all others, are powerful to induce. We recognise with gratitude the administrative reforms which you have already instituted for correcting the undervaluation of imported merchandise entered for Customs duties, and would respectfully urge you to exert your potent influence upon Congress for the repeal of the section of the 'anti-moieties' Act of 22nd June, 1874, whereby the burden of proof of intent to defraud in undervaluation is imposed upon the Gov-

ernment, and for the enactment of a law imposing effectual penalties for undervaluation.

"At the annual meeting of the National Association of wool manufacturers, in the city of New York, on the 7th October instant, the above paper was read at length, and by a resolution of the association was unanimously approved."

REVIVING OF MOIETY SYSTEM BY THE UNITED STATES GOVERNMENT.

In 1886 a Bill was laid before the United States Senate dealing with tariff and revenue matters, and among other sections proposed for enactment we find the following:—

"Section 4. That one-half of all moneys which shall be hereafter paid into the Treasury of the United States from fines, penalties or forfeitures incurred for violation of the Customs revenue laws, shall constitute a fund from which may be paid from time to time, on the joint order of the Secretary of the Treasury and the Secretary of State, who are hereby created a board for that purpose, such sums as they may in their discretion determine, to meritorious officers of the Customs or Consular service, who shall have been instrumental in the detection or punishment of frauds upon the Customs revenue, and the board thereby created shall annually make a report of their doings hereunder to Congress, stating in detail the names of parties to whom moneys have been paid, their positions in the public service, the nature of the services rendered, and amount paid to each."

In his report to Congress on 16th February, 1886, page 39, the Secretary of the Treasury, commenting upon the legislation on revenue subjects, then before, or to come before the House, wrote as follows, in opposition to the form in which section 4, above referred to, proposed to revert to the moiety system:—

"Section fourth: It is with some diffidence that I interpose any objection to the fourth section, which proposes that one-half of the proceeds of fines, penalties or forfeitures shall be deposited in the Treasury, subject to the joint order of the Secretary of the Treasury and the Secretary of State, who are authorised to distribute this fund in their discretion 'to meritorious officers of the Customs or Consular service, who shall have been instrumental in the detection or punishment of frauds upon the revenue.' If this section should become a law, there will, I fear, be a practical difficulty in the practical execution thereof at the distant ports, by a tribunal sitting at Washington. No work could be more vexing for an executive officer than the distribution of such a fund. Any such law, if deemed necessary and enacted by Congress, should as did the law of 1789, define exactly what portion of the proceeds of a forfeiture shall be paid to a seizing officer, and what portion shall be paid to an informer, or to informers by whose information the seizure was made and the forfeiture accomplished. Under the law of 1789, such questions were judicial questions determined by the court when called upon to distribute the proceeds of the forfeiture paid into the registrar of the court. The facts, being local, should be judicially examined in the same place where they arose, and be disposed of, if need be, by contentious litigation. The Bill (S.B. No. 1153) proposes not only to revive the moiety system, but to revive it in a most objectionable form."

This did not pass, but an annual sum of about \$150,000 was voted and placed at the disposal of the Secretary of the Treasury to reward officers in his own discretion.

These are opinions from all portions of the United States bearing testimony to the ill-effects which followed the repeal of the Moiety Act, so far as honest traders and the protection of the revenue were concerned. I place them upon record in order that they may be read by those who desire to refer to them, and if anyone desires to verify the extracts, I would refer him to the official record; he will find it in Mr. Manning's report "Secretary of Treasury on Collection of Duties," in 1885. Hon. members may say, and with a good deal of force—if the consensus of opinion in the United States on behalf of the wholesale merchants and the manufacturers, and the Special Agents whose duty it is to carry out the law, is of the character which I have pointed out, and which Mr. Manning puts upon record in his report—how is it that they have not changed the law? The same reasons have prevailed which influence many politicians in this country. There is a certain class who can always raise hornets' nests about the ears of those who endeavor to enforce the laws of the land, and for political reasons there have not been re-enacted in the United States, those aids to the uniform and efficient collection of revenue, which their officers, after many years' experience, have proved should be re-enacted. But in the United States they place in their estimates every year about \$150,000 to be distributed among those whom they call "meritorious officers." I question very much the propriety of a system of that kind. If the head of a Department had a large sum placed at his disposal to be distributed among those officers who do their duty properly, as he view it, others who might do the work infinitely better, but against whom the person distributing the money might have a prejudice, would be excluded from participating in benefits which their services deserved. It would be highly dangerous, not only to the honest man who is endeavoring to perform his duties, but also in this, that it would place temptations to which they should not be subjected, in the way of those who had the disposal of the money. I have here also a letter written by Charles E. Folger, Secretary of the Treasury of the United States, which I commend to the antimoiety agitators. It is as follows:—

"TREASURY DEPARTMENT,

"OFFICE OF THE SECRETARY,

"WASHINGTON, D. C., 28th March, 1884.

"To the President:

"Respectfully referring to the resolution of the House of Representatives of 15th January, 1884, requesting the President to forward to the

House information, including reports from consuls and others, concerning the undervaluation, false classification, and other irregular practices, in the importation of foreign merchandise, and to recommend what legislation, if any, is needed to prevent such frauds on the revenue, I have the honor to submit copies of reports numbered 1 to 184, inclusive, taken from the files of this department, covering the information desired. To these should be added reports and decisions numbered 1 to 78, inclusive, relative to the undervaluation of wool and woollen yarns, contained in House Ex. Doc. 101, herewith submitted.

"These papers seem to furnish conclusive evidence of general and extensive undervaluation of imported merchandise subject to *ad valorem* duties. They show that this evil has been steadily growing since the passage of the law approved 22nd June, 1874, entitled: "An Act to amend the Customs revenue laws and to repeal moieties." This law, while providing for rewards to officers who may seize smuggled goods, withdrew the stimulus previously given to vigilant activity by Customs officers in detecting undervaluation and other fraudulent practices, and, at the same time, erected a barrier to the successful prosecution, in the courts, of this class of frauds.

"This was done by reversing the rule prescribed by section 909 of the Revised Statutes, under which the burden of proof, in case of seizure, rested upon the claimant of the goods, and requiring the Government to show affirmatively the fraudulent intent of the importer. The jury must bring in a distinct and separate finding upon this question. If no such intent on the part of the person entering the goods is found, no matter how great the undervaluation perpetrated by the foreign manufacturer, who is the owner of the goods, no fine, penalty, or forfeiture can be imposed.

"Since the passage of this Act, the Government has almost uniformly failed to obtain verdicts in litigated cases, however strong the evidence of fraud adduced upon the trial.

"Whatever may have been thought as to the need of protecting the rights of individuals by the enactment of this law, it is clear that its result has been to render the Government almost powerless to enforce the revenue laws in cases of fraudulent undervaluation by foreign manufacturers or unscrupulous importers, and to work great injury to the interest of importers who refrain from engaging in this dishonest practice.

"Besides the serious loss to the revenue consequent upon undervaluation, as indicated in these reports, the practice has a demoralising influence upon our trade with foreign countries. The lack of safeguards against it offers a premium to dishonesty, and makes it impossible for an honorable manufacturer or dealer in Europe to compete with his less conscientious rival for the American trade, and the honest American merchant is precluded from importing lines of goods thus undervalued. When such practices go unpunished the foreign shipper is practically enabled to make his own tariff, subject only to the contingency of having the rate increased by the appraiser's advance upon his invoice valuation.

"It thus happens that when Congress enacts that the rate of duty on certain goods shall be 50 per cent. *ad valorem*, it is found that perhaps only 30 or 40 per cent. is actually paid, according to the boldness and skill of the shipper and his American agent in falsifying market values and deceiving the appraising officers.

"It is no reflection upon the integrity or ability of appraising officers to say that they are unable, unaided by penal laws, to cope with this evil. The most skilful expert cannot be depended upon to fix values with absolute correctness; and where, as is now the case with many classes of imported goods, the true market values are studiously concealed by European manufacturers, in order that no proper criterion for

appraisements may be obtained, the difficulties confronting the appraisers are well nigh insuperable.

"Responsibility is a correct valuation should be placed upon the consignee who makes entry, and the fact that the invoice and entry are false should be deemed presumptive evidence of fraudulent intent, subjecting the goods to forfeiture unless innocence can be shown.

"So long as the *ad valorem* system exists, equality and uniformity in its administration can only be secured by providing adequate means to prevent undervaluations. Such means are not to be found in existing laws.

"I submit herewith a draft of a Bill, the passage of which would, in my opinion, go far towards remedying the evils complained of.

"Very respectfully,

CHAS. J. FOLGER,
Secretary.

AUDITOR GENERAL'S REPORT AND AWARDS MADE TO SEIZING OFFICERS.

I propose now to deal with these enormous sums which my hon. friend says have been paid to our own officers, and while I am not surprised that he should have drawn the deductions which he did from the Auditor General's Report, I have to inform him that that is not a safe indication, either of the amount of the seizures or of the money paid for seizures made during the year for which they appear in the Public Accounts or Auditor General's Report. Before doing that it may be of interest for those who have paid any attention to this question to know what has been done in the way of seizures and the distribution of penalties since Confederation. I promised the hon. member for Northumberland (Mr. Mitchell) that I would point out to him that during the time he was assisting in administering the affairs of this country seizures were made and the moiety was distributed under the same system that has been carried out during the time I have been in office.

Mr. MITCHELL. Will the hon. gentleman also remark the fact that every time he has had a Customs Bill before this House I pointed out the evil of that system and tried to get it removed, but without success?

Mr. BOWELL. I do not know that such fact has anything to do with the question.

Mr. MITCHELL. I think it has.

Mr. BOWELL. It perhaps has this to do with it: that if the system is so iniquitous as the hon. member says it is, he should have remedied it when he was in office. If it is wrong now it was wrong from 1868 to 1873.

Mr. MITCHELL. Granted.

Mr. BOWELL. Then I take it for granted that the system being of the character which my hon. friend has re-

presented it to be, he did not do his duty when he was a member of the Government, in not insisting on its repeal. I have always inferred from the pertinacity which characterises the hon. gentleman, that with his determination to insist on the adoption of any policy which he believes to be right, and with the force of character which he possesses, he certainly could have convinced his colleagues at that time that they ought at least to give up a system which was so unjust in its character, and so injurious to the honest importers of the country.

Mr. MITCHELL. The abuse did not exist to the same extent at that time, and I probably had my hands full in my own Department.

Mr. BOWELL. I have no doubt you had; I can realise that fact, because I know myself, and I am quite willing to admit, that with a Department like the one of which the hon. gentleman had charge, or a Department like my own, if we attend to it we have about as much as any man can do. I have here a statement showing Customs revenue collected, and Crown seizures, receipts and expenditure, annually, for the Dominion, from Confederation to the 30th June, 1888. This statement fulfils a triple purpose: first, it shows the effect of a gradually increasing tariff upon the revenue of the country; next, it portrays clearly that in far greater ratio than the revenue increased, have the frauds upon the revenue multiplied; and lastly it indicates in unmistakable terms the valuable results which have followed the appointment of specially qualified officers for the detection and prevention of frauds. While the revenue in the past twenty years has increased about 280 per cent., the volume of frauds detected has reached 1,000 per cent. in the same period. In this connection it is worthy of notice that during the three years between 1883—when the Special Agent's Branch was established—and 1885, there was paid into the revenue as seizure receipts a total of \$310,853, of which \$32,841 was collected by the Special Agent's Branch, as against a total of \$147,170 in the preceding three years; while during the three years between 1886—when the Financial Inspector's position was created—and 1888, the aggregate seizure receipts have swollen, as compared with the three years immediately preceding, from \$310,853 to \$454,393. Of this latter amount \$123,013 was collected by the Special Agent's Branch, and \$61,170 by the Financial Inspector. Taking the six years from 1883 to 1888 and comparing them with the six years preceding, it is found that the receipts from

seizures mounted up from \$208,855 to \$765,250, and of this latter sum there was collected by the combined efforts of the Special Agent's Branch and the Financial Inspector a total sum of \$247,024. No more satisfactory indication could be had of the unchecked existence of fraudulent transactions during the years antecedent to 1883, and of the necessity for detailing suitable officers to devote attention to the discovery and reporting of such frauds, in order that they might be stamped out as far as possible, so that the operations of law-abiding merchants should not be hampered.

INCREASE OF REVENUE UNDER CHANGING AND HIGHER TARIFFS,
AND LARGER VOLUME OF DETECTED FRAUDS.

The statement is as follows:—

Year.	Total Customs Revenue Collected.	Seizure Receipts.	Expenditure for Awards to Officers, Expenses, Refunds, &c.
	\$	\$	\$
1868.....	8,624,318	9,154	6,104
1869.....	8,370,754	10,180	7,340
1870.....	9,411,443	15,460	11,906
1871.....	11,870,553	25,169	14,364
1872.....	12,727,056	36,037	24,019
1873.....	13,044,941	16,863	11,915
1874.....	14,448,898	9,616	6,362
1875.....	15,386,113	17,380	11,425
1876.....	12,868,042	15,298	9,664
1877.....	12,576,935	13,804	7,482
1878.....	12,819,932	21,583	7,794
1879.....	12,962,342	26,298	16,896
1880.....	14,164,668	35,535	16,892
1881.....	18,529,798	57,525	29,547
1882.....	21,744,157	54,110	36,235

In 1883 the Special Agents' branch was instituted, and in 1886 the Financial Inspector was appointed, after which the figures are as follows:—

Year.	Total Customs Revenue Collected.	Seizure Receipts.	Reported by Special Agents' Branch.	Reported by Financial Inspector.	Expenditure for Awards to Officers, &c.
	\$	\$	\$	\$	\$
1883.....	23,207,826	73,052	3,180	47,276
1884.....	20,212,156	110,759	21,728	74,494
1885.....	19,180,986	127,046	37,933	84,156
1886.....	19,497,114	222,030	88,720	8,481	135,689
1887.....	22,523,587	134,002	16,388	25,636	115,602
1888.. ..	22,261,820	98,361	17,905	27,050	93,069

Now, it would appear that a much larger amount was paid to the officers for seizures during the past year than is really the fact. Some of the moneys resulting from seizures have been in the Treasury for years, sometimes one, sometimes two, sometimes three years, and for this reason: When there is a contested case, the money cannot be distributed until the case is settled, and in many cases, after the decision of the Department has been given, the parties upon whom the penalties have been inflicted, pay without going into court, but ask for time. Scores and scores of cases are reopened many months after the decisions have been rendered, and opportunities given to parties to put in a defense, and to show that the seizure was not justifiable. The result has been that money which has lain in the Treasury for one or two years, is not finally disposed of for two or three years longer. I will give some examples of this. The amount awarded to officers and informers, etc., appears by the Auditor General's Report to have been, in 1886-87, \$82,924.86. Of this amount \$24.70 had been in the Treasury since 1879-80, \$344.80 since 1881-82, \$71.04 since 1882-83, \$96.43 since 1883-84, \$3,360.92, since 1884-85, \$36,699.06 since 1885-86, and \$42,329.91 only was received during 1886-87, in which year the cases were finally settled and the money disposed of. It will thus be seen that of the moneys expended this year, \$40,596.95, or about 50 per cent., was placed in the Treasury during the six preceding years to 1886-87. Then I may call the attention of the House to the fact that out of the money which has been placed to the credit of seizures, large remissions are made in consequence of the penalties being largely reduced; and to this fact I

would invite the consideration of the hon. member for North Norfolk, who said that the head of the Department always sustained the actions of his officers, whether they were right or wrong. There was remitted in 1886-87 no less than \$28,430.21. This money was actually received as follows: In 1883-84, \$35; in 1885-86, \$7,894.26; and in 1886-87, \$20,500.95. I give you that as an illustration. I have a number of other illustrations of the same kind, as well as the details of the division of moneys which has been made during the period in which I have been in office. I might say that in like manner, when we turn to 1887-88, when hon. gentlemen opposite, taking the Public Accounts as their guide, have been so shocked at the large amounts that have been paid to the officers and apparently so little left in the Treasury, I find that instead of only \$5,292 remaining in the Treasury out of a total of \$98,391 received on account of seizures, the facts are as follows: The amount awarded to officers and informers was \$58,683, or \$24,241 less than in the preceding year, and the money from which such awards were paid was actually received as follows: In 1882-83, \$14; in 1883-84, \$153; in 1884-85, \$2,055, in 1885-86, \$5,352, in 1886-87, \$21,451, and in 1887-88, \$29,658. In this year, as in 1886-87, it will be observed that about 50 per cent. of the sum distributed was received during the three preceding years. I must also point out that in 1887-88 the remissions amounted to \$26,781, which was actually received as follows: In 1883-84, \$400, in 1884-85, \$1,969, in 1886-87, \$9,539, and in 1887-88, \$14,873. Here again, if we assume, as is fairly reasonable, that the \$7,605, paid out in 1887-88 for expenses and law costs, were taken from the receipts of the year, we establish the fact that there remained at the credit of the Receiver General not \$5,292 as hon. gentlemen opposite would make it appear, but there actually was still lodged in the Treasury at the end of that year, of the proper receipts of the year, no less a sum than \$4,6225. It is not necessary that I should weary the House by reading the details of the parties to whom this money was paid.

Mr. MITCHELL. That would be interesting too.

Mr. BOWELL. Then I will put it on record so that the hon. gentleman can read it at his leisure. As making clearer the varying results of the efforts of the seizing officers, I will now place the House in possession of the following statement, giving the annual incomes of the officers more prominently connected with seizures, and

giving also the average annual income of such officers for the past three years:

COMPARATIVE STATEMENT

Showing total annual, and average annual incomes of officers who made seizures in years 1885-86, 1886-87 and 1887-88, and who received from all sources more than \$1,200 per annum.

	1885-86.	1886-87.	1887-88.	Average Annual Income.
	\$	\$	\$	\$
Ambrose, J. D. L.....	5,696	3,007	3,061	3,921
Baker, C.	1,324	1,300	1,987	1,537
Blackwood, T. F.	1,693	2,784	1,805	2,061
Blackwood, D.	1,291	1,272	2,272	1,278
Bonness, J. D.	2,460	1,432	1,742	1,878
Benson, W.	2,399	2,031	2,638	2,356
Brookfield, E. W.	1,212	1,200	1,273	1,228
Clark, Thos.	1,867	1,725	1,700	1,764
Douglass, Jno.	2,910	2,836	2,321	2,389
Faulkner, G.	1,392	1,200	1,223	1,272
Frye, Geo.	1,916	3,559	3,329	3,268
Flynn, P.	1,125	2,005	1,634	1,555
Gerow, S. E.	1,500	1,594	1,560	1,551
Grose, J. A.	8,256	1,861	3,102	4,406
Hatchette, J.	1,431	1,400	1,576	1,469
Hamilton, O.	2,280	1,700	1,772	1,917
Heffernan, T. A.	1,200	1,248	1,708	1,385
Hilton, J. F.	1,883	1,800	1,841	1,813
Hunter, R.	1,885	1,624	2,057	1,855
Lauthier, A.	1,377	1,284	1,234	1,298
Lewis, Jno.	2,500	2,500	2,881	2,627
Moir, A.	1,908	1,800	1,976	1,895
Matheson, G. N.	1,969	1,444	1,492	1,635
Mackenzie, A. I.	1,836	1,981	1,751	1,856
Murray, Hugh.	1,000	2,266	1,228	1,498
Milne, A. R.	1,972	3,682	7,556	4,303
MacLaren, J. S.	8,496	2,117	2,179	4,264
McLean, Thos.	1,400	1,861	1,852	1,704
McMichael, S. W.	1,626	9,482	7,621	6,243
O'Keefe, P. J.	1,547	1,419	1,811	1,601
O'Hara, W. J.	6,094	7,231	3,641	5,655
Patterson, Thos.	1,257	1,363	1,300	1,307
Sargent, Thos.	1,505	1,602	2,413	1,840
Stephenson, J.	1,992	1,800	1,846	1,879
Thompson, J.	1,852	1,300	1,374	1,509
Van Ingen, W. H.	1,285	1,653	2,451	1,806
Watters, A. L.	7,131	2,228	1,286	3,543
Watters, T. J.	5,417	7,840	2,050	5,102
Warren, R. G.	900	1,827	1,505	1,411
Wolf, J. F.	5,609	2,086	1,600	3,098
Wyllie, A. A.	1,420	6,239	1,100	1,253

From the foregoing statement it is clear that during the past three years 13 seizing officers received an average income of over \$1,600 and less than \$2,000; that 4 others received in the same way over \$2,000 and less than \$3,000—while 7 officers realised between \$3,000 and \$4,500.

For reasons already given, it must be admitted by all who impartially consider the subject, that up to this latter limit the remuneration is only reasonable,—and we have then left for consideration only 3 officers, whose average receipts during the past three years have exceeded \$4,500.

It is with reference to the apparent receipts of such officers that I should explain the fact, that while some particular officers appear to be, and really are the Seizing Officers,—and possibly the discoverers of the fraud—and those to whom, if successful, the award is paid—it may nevertheless be the case that they have called in the assistance of other officers, to whom they would naturally have to pay such amount out of their award, as they might consider the aid to have been worth.

In this way, though such principal officers would appear in the Public Accounts as the recipients of the full amount for which they as Seizing Officers had signed,—the actual portion of such amount which they might have retained for their own share—supposing they required and utilised the assistance of other officers—would be considerably less than the amount actually paid over to them by the Department. For this reason the large payments to these three officers should in fairness be viewed as subject to considerable diminution.

Judging by the outcry which has been raised by gentlemen opposite, one would suppose that all Customs officers were amassing wealth as the result of sharing in Customs seizures. I regret to be obliged to show that my hon. friends on the other side of the House, in their anxiety to make out a case, are striving to create in the public mind an impression which the facts do not in any way warrant. I will therefore briefly lay before the House summary analyses of the seizure awards made during the past two years. They are as follows:—

ANALYSIS of Seizure Awards to Customs Officers in year 1886-87 :

Total number of permanent Customs Officers employed in the Dominion.....	1,100
Total number who participated in seizure awards	101
Total amount awarded as Customs officers' shares	\$47,956 99
Number of participants in receipt of salaries up to \$600.....	39
Average receipts from seizures per officer in this class.....	\$105 00
Total amount awarded in this class	\$7,982 56

Number of participants in receipt of salaries over \$600 and up to \$1,000	27
Average receipts from seizures per officer in this class	\$316 00
Total amount awarded in this class	\$5,848 97
Number of participants in receipt of salaries over \$1,000 and up to \$1,400	15
Average receipts from seizures per officer in this class	\$245 00
Total amount awarded in this class	\$3,679 87
Number of participants in receipt of salaries over \$1,400 and up to \$1,800	10
Average receipts from seizures per officer in this class	\$1,402 00
Total amount awarded in this class	\$14,017 86
Number of participants in receipt of salaries over \$1,600 and up to \$1,800	7
Average receipts from seizures per officer in this class	\$1,954 00
Total amount awarded in this class	\$13,677 62
Number of participants in receipt of salaries over \$1,800 and up to \$2,000	3
Average receipts from seizures per officer in this class	\$916 70
Total amount awarded in this class	\$2,750 12

ANALYSIS of Seizure Awards to Customs Officers in year 1897-88:

Total number of permanent officers employed in the Dominion	1,100
Total number who participated in seizure awards	119
Total amount awarded as officers' shares	\$39,427 47
Number of participants in receipt of salaries up to \$600	43
Average receipts from seizures per officer in this class	\$128 00
Total amount awarded in this class	\$5,524 00
Number of participants in receipt of salaries over \$600 and up to \$1,000	30
Average receipts from seizures per officer in this class	\$195 00
Total amount awarded in this class	\$5,861 00
Number of participants in receipt of salaries over \$1,000 and up to \$1,400	24
Average receipts from seizures per officer in this class	\$299 44
Total amount awarded in this class	\$7,187 00
Number of participants in receipt of salaries over \$1,400 and up to \$1,600	11
Average receipts from seizures per officer in this class	\$1,300 00
Total amount awarded in this class	\$14,321 00
Number of participants in receipt of salaries over \$1,600 and up to \$1,800	7
Average receipts from seizures per officer in this class	\$573 00
Total amount awarded in this class	\$4,013 00
Number of participants in receipt of salaries over \$1,800 and up to \$2,000	3
Average receipts from seizures per officer in this class	\$714 00
Total amount awarded in this class	\$2,142 00
Number of participants in receipt of salaries over \$2,000 and up to \$2,600	1
(J. Lewis, Surveyor, Montreal.)	
Amount of his receipts from seizures	\$331 00
Total amount awarded in this class	\$331 00

These analyses are worthy of careful perusal, for the reason that they mirror very fairly the relative value to the country of the different grades of Customs officials. Taking the year 1886-87, it will be observed, primarily, that only 101 out of the total force of 1,100 permanent officials, derived any benefit from seizures. Then we trace with moderate accuracy, the preventive work of the lower grade officials who, in the regular course of events, come in direct contact with the ordinary smuggler. We find that one-third of the whole number of officers who shared in seizures were men whose salaries do not exceed \$600 per annum, and to these men one-sixth of the whole awards to officers was paid,—the approximate average addition to their salaries being \$205 each,—thus making their average annual incomes range from \$600 to \$805. We then come to the next higher grade,—men whose salaries are between \$600 and \$1,000—principally clerks and landing waiters, of whose possibly greater intelligence may be expected. We find that they number 27 out of the 62 officials who remain as participants after the lowest grade men have been disposed of. It appears that by this class one-eighth of the whole amount awarded has been secured, and the approximate average addition to their individual salaries has been \$216,—thus making the smallest average salary among them \$816, and the largest \$1,216. Next in order come those officers whose salaries range from \$1,000 to \$1,400, and they number 15 out of the 35 participants yet unsatisfied. This grade of officers had divided among them one-thirteenth of the whole sum awarded, which increased their salaries, on an approximate average, by \$245, thus making the minimum remuneration about \$1,245, and the maximum \$1,645. We have now only 20 officers left as participants, and of this number there are ten who form a group with salaries from \$1,400 to \$1,600. This group received \$14,000 of the total of \$47,957 awarded, which makes an average addition to their salaries of \$1,402. Approximately this made the minimum salary among them \$2,800 and the maximum \$3,000. It should be remarked that this particular grade embraces nearly all the Appraisers in the service,—men who are supposed to be specially informed in their several lines of business, and capable of fixing the proper values of goods, and so checking frauds, which less well informed men would allow to pass. Most of them have been active business men,—and, granting that they possess the requisite qualifications for their positions, it cannot be argued that the maximum average sum

27
6 00
9 9715
5 00
9 8710
2 00
7 887
4 00
7 623
6 70
50 121,100
119
27 4743
28 00
24 0030
95 00
361 0024
99 44
87 0011
300 00
321 007
573 00
013 003
714 00
142 001
381 00
381 00

received by this grade is anything but a fair remuneration for their services. In this group are also included the Supervising Special Agent, and the Financial Inspector, whose services in the correction of fraudulent practices have been especially valuable to the Dominion.

Next come 7 officers whose salaries range from \$1,600 to \$1,800, and among them was distributed slightly more than one-fourth of the total awards,—giving an approximate average addition to their salaries of \$1,954, and thus raising the approximate average minimum and maximum remuneration to \$3,554 and \$3,754 respectively; in this group is included the Departmental Accountant, who was mainly instrumental during this particular year, in bringing to light and correcting some most serious and long continued systems of defrauding the revenue. Finally, we have left three officers with salaries over \$1,800 and up to \$2,000. The result of their efforts in the prevention of fraud was not quite so advantageous to the country as in the two preceding groups; and the additional remuneration received by them was consequently smaller. Applying here the average of awards we find that the approximate average additions to salaries was \$916.70, and consequently the approximate average minimum remuneration in this grade would be about \$2,716, and the maximum \$2,916.

The analysis of the year 1887-88 shows that the awards to officers were less than in 1886-87 by the sum of \$8,529.52, and they were participated in by about the same number of men, and in nearly the same average ratio for the three lower grades of officers as in year 1886-87—say those receiving up to \$600 per annum, those over \$600 and up to \$1,000, and those over \$1,000 and up to \$1,400. Among those officers receiving over \$1,400 and up to \$1,600, the approximate average individual share of seizure awards was reduced by \$102 as compared with 1886-87, and the number of officers participating was one greater in 1887-88. In the group receiving from \$1,600 to \$1,800, though the number participating in the two years was the same, the approximate average individual shares were reduced to \$573 as against \$1,954 in the year 1886-87; while in the grade whose salaries range from \$1,800 to \$2,000 with the same number of participants in both years—the individual average was \$202 less than in 1886-87.

**THE LAW-BREAKERS ONLY ARE TAXED FOR REWARDS TO
CUSTOMS OFFICERS.**

There is an important point in connection with the distribution of moieties, which appears to be lost sight of by those

who condemn the system; and that is the fact that the sums paid to officers who detect frauds, as a reward for their vigilance, is not taken out of the public revenue of the Dominion, but from dishonest offenders against the laws of their country who are fined for their offences; so that if the reasoning of the gentlemen opposite means anything, it is that no incentive should be given to Customs officials to detect frauds, punish the offenders, and thereby protect the honest importer and dealer. I have pointed out these facts in order that the House may not be misled in reading the Public Accounts or the Auditor General's reports in reference to the distribution of these moneys, as it might appear that officers received much larger amounts in one year, in comparison with the seizures made, than the law or the regulations would justify. The House will observe that where this apparently occurs, the facts are that, the seizures have been made some years before, but the cases have not been finally disposed of until much time has elapsed. I have very few more remarks to make on this question, which is a very important one to the commercial community. From experience, and, I think I can say without egotism, from close attention to the Department over which I preside, and to the effects which have been produced by a strict enforcement of the law without respect to parties, I am positive that the present system has tended to increase the revenue enormously, and that it has protected the honest importer and resulted in putting a stop, to a very large extent, to the frauds committed on the revenue and the country. I know that those who have not been behind the scenes and watched closely the operations of smugglers and the devices to which dishonest importers resort, come to the conclusion that the law is wrong and its enforcement vexatious, and that those who administer it are guilty of offenses which in the old times would have been punished by transportation to Van Dieman's Land. I must also state that I find very few evidences in the newspapers to show that they deal with this question in other than a partisan manner. This is not a political question, but a moral one, which must be dealt with to a greater or less extent, no matter who is in power. If the public would endeavor to estimate in their own minds the difficulties which present themselves in the enforcement of a Customs Act, particularly under a high tariff, I am sure there would be less condemnation of the Department and its officers. The only journal that has dealt with this question, as I consider, properly, is the

Journal of Commerce, whose editor seems to have grasped the difficulties that surround the enforcement of Customs laws under a high protective tariff. That paper has pointed out in a very forcible manner, not only the difficulties which present themselves in carrying out the law, but the leniency which should be exercised by the officers whose duty it is to enforce the law. I find in its issue of the 1st of February of this year, in reply to some statements made by the president of the Board of Trade of Toronto, the following remarks:

"There is one subject referred to in Mr. Darling's speech, in respect of which it would be very difficult to carry out his suggestion. It would, we fear, be next to impossible to prove any pre-existent knowledge on the part of a special officer of the Customs concerning fraudulent practices brought to light, however long he may have been cognizant of the facts. And let him be ever so zealous and faithful in the discharge of his duties, the evidence is often of a merely circumstantial nature, and, until he has completed the chain, it would be worse than useless to divulge it. The department is, doubtless, seldom or never without some information of this kind, as furnished by its special officers, and no action can be taken without its authority. At the time of the heavy dry goods seizures some two years ago, the officers had just completed the necessary evidence, and even then certain parties stood defiant, knowing that complete proof as concerning themselves personally could not be adduced. The knowledge in possession of the department of more extensive manipulations was not sufficiently complete. The parties defied all attempts at proof, and the Government was obliged to content itself with administering a partial lesson at the time, with putting a damper for a while, at least, to further attempts in that line, and securing to honest importers a fair field for their business operations."

In a subsequent issue the editor deals with this question again:—

"There are a few in every community whose best efforts are in the direction of methods from which the ordinary business man naturally shrinks. Every town has one or two representatives of this class—men who almost invariably get the best of a bargain—who manage to make money in times when other men are eating into their capital—who always have some "pull" by which they are able to obtain their goods at a lower price than their neighbors and to undersell them at all seasons. In ports of entry the wits of these men are ever directed towards circumventing the Customs officers. In large cities no watchfulness is proof against them, for no sooner is one gap closed—one leak detected and stopped up—than a new one breaks out in some wholly unexpected quarter. These men will not be satisfied with fair profits in a straightforward way; "excelsior" is the point they aim at, and to reach it they are studying day and night, in the home circle, in the warehouse, in the house of prayer."

No doubt the editor had in his mind an individual who was, hypocritically, at the head of all the Christian institutions of Montreal, while perpetrating the greatest frauds on the revenue, and not only on the revenue, but on his own partner, his brother, who was ill at the time. The article continues:

"No law, no rule, no restriction, will avail against them. It is for the purpose of preventing these keen-witted traffickers from competing unfairly with the importer who honestly observes the law, and compelling them to contribute proportionately to the revenue of the country, that the Customs Department is obliged to maintain that portion of its force which is least understood and appreciated, even by some of those for whose benefit it is employed."

Hon. gentlemen may be sure that the disposition of that portion of the business community who are inclined to defraud the revenue, will not in any way be altered by the mere passage of laws of an inhibitive or even penal character. It is an axiom among legal men, and experience has taught mere laymen, that cruel and brutal punishment, imprisonment for long periods, and even the death penalty, have not deterred the commission of crimes in any measure proportionate to the severity of the sentence. It must, therefore, be conceded that unless the most effective machinery be adopted to enforce respect for and compliance with the Customs law, it will perforce, and because of the popular prejudice to which reference has already been made, soon become an abortive measure. When proper weight is given to the arguments just advanced, and it is seen and understood that every consideration of public policy and regard for the commercial life of our most valuable business establishments and industries, demands the consistent and impartial, though severe, administration of the revenue laws, I am impelled to believe that the intelligent efforts of the Government to ensure that result will be heartily supported by all those who have the real good of our country at heart. These laws cannot be successfully enforced unless by the active co-operation of the various Customs officials throughout the country. A merely neutral or passive discharge of their duty would mean untold loss to the revenue and disaster to deserving and struggling business houses.

REMUNERATION OF CUSTOMS OFFICERS IN CANADA AND UNITED STATES.

Let us look to the schedule of salaries for Canadian Customs officials, which is appended to the Civil Service Act, and we shall find the salaries of the several grades of officers, who should be in a position to detect and prevent frauds, are as follows:—

	Scale of Salaries.
Inspectors.....	\$1,600 to \$2,500
Surveyors.....	1,200 to 2,500
Chief Clerks.....	1,200 to 2,500
Appraisers.....	800 to 2,000
Assistant Appraisers.....	600 to 1,500

Scale of Salaries.

Clerks.....	400 to 1,200
Tide Surveyors.....	800 to 1,000
Landing Walters.....	400 to 1,000
Tide Walters.....	400 to 600
Special Preventive Officers.....	800 to 1,200

Taking the ports of Montreal and New York as the respective examples, we find that in all the offices, except the very lowest, the salaries paid in New York are more than double those paid in the Customs service at Montreal. The most active officers in our service, holding the positions of appraisers, assistant appraisers and their immediate assistants, are men receiving from \$1,000 to \$1,800, while in New York the same class of officials receive from £1,800 to \$4,000.

Taking the lower positions throughout the United States Customs service, it is found that generally the same disproportion in salaries exists; our men being paid in about the proportion of \$600 to \$1,000 received by corresponding officers on the other side of the border. This is notably the case at points where a river is the dividing line, as at Prescott and Sarnia.

The duties of officers on both sides are about alike, and the cost of living varies but little, but across the border there are generally twice the number of men, at salaries much larger, as already explained.

The right of Canadian officers to share in seizures is looked upon as being in some measure an offset to this inequality, but it frequently happens that officers do not, in several years, derive any additional income from this source. For reasons which must be apparent to hon. gentlemen, it is exceedingly difficult for any Minister of Customs, or Government, to ensure that men of proper value and intelligence shall hold in all cases the positions of responsibility and importance. It is the truest economy, in the Customs service especially, to try and secure for the really valuable and capable men, the highest possible remuneration; and as already explained, while the salaries now offered, coupled with the premium which is placed upon individual effort under our moiety system, enable us to secure and hold some good men, I am satisfied from intimate knowledge of the actual facts, that the withdrawal from such officers of the privilege of sharing in seizure awards would prove to be a signal misfortune to the country, and to honest men. Many of those hon. gentlemen who hold up their hands in deprecation of the sums paid to the most active and capable officers in the Customs

service, think it only right and proper that much greater sums should be made annually by their ordinarily successful business or professional friends; and while I admit that the routine work of the Customs Department requires men of only average ability, it can safely be asserted that for the administrative duties, and for the proper appraisement of goods, and discovery and checking of frauds, you must imperatively have officers whose intelligence is equal to that of the business men with whom they have to deal. I have again to apologise to the House for the length of time I have taken, but I deemed it necessary to show as clearly as I could, that the charges made against the Customs Department and its officials are not justified, that in fact the enforcement of the law has been in the interest of the honest trader by punishing severely those who violate it; and if I deserve condemnation in any way it is for not having enforced more rigidly the penal provisions of the Customs Act. I have given to the House three or four instances of the result of going into the courts before magistrates to punish those who have violated the Act. In justice to one or two magistrates and judges, I must say that they have enforced the Act as it stands on the Statute-book, the foremost among those being the Chief Magistrate of the city of Windsor, in Ontario. For the benefit of the hon. member for Halifax (Mr. Jones) who seems anxious to know, I will say that this gentleman is a Grit, but has evidently a sense of his duty and oath of office. I will not say anything against the others to whom I have referred. They may have taken a different view of the law. In the Eastern Townships, where cases have come before a gentleman who was formerly a member of this House, Judge Brooks, he did not hesitate to enforce the law strictly, as it was and is upon the Statute-book; and the result of the enforcement of these clauses there has been to deter, in a great measure, many of those who were carrying on a system of smuggling in the Eastern Townships, from pursuing their nefarious occupation. I have shown also, I think conclusively, that the repeal of the moiety system in the United States has not been productive of benefit to the morals of the importing community, or to the revenue of that country. I have quoted a large number of statements—and I could have quadrupled them—from merchants and officials, showing that the repeal of the Moiety Act of 1874 resulted in an increase in the violations of the revenue law of the United States, and I have also shown that our merchants who are protected by the enforcement of the law are

not dissatisfied, but are actually in favor of the law -- it stands upon the Statute-book. One evidence of that is the fact that as soon as one of the Customs detectives had resigned his position on the staff, they petitioned to have another placed in his position in order that the laws might still be enforced. With these facts before the Government and before the House, I am of opinion, though I may be mistaken, that the honest merchants of this country, the manufacturers of the country who are interested in, seeing the laws enforced, and more particularly the importers who contribute a large proportion of the revenue, would be injured by the abolition of the system which prevails at the present moment. Believing that to be the case, I have not deemed it advisable in the past to advise my colleagues to change the rules to any appreciable extent. I did go this far, at the instance of the Board of Trade of Montreal, in regard to whom my hon. friend from Chateauguay (Mr. Holton) said that their representations were treated with contempt and were never listened to: at their instance, I did prevent the distribution, among appraisers, of penalties which were imposed for undervaluations which were not necessarily fraudulent; as I believed it to be their duty under the law to examine goods, and, if they were undervalued, to carry out the rules and regulations enforced by my predecessor, without any other reward than their salaries. I put a stop to that, which they thought was a very important point, though I question the propriety of it myself, after the experience of a year or two. I give that as an illustration that the representations of Boards of Trade and merchants who are interested, have not been treated by the head of the Department or the Government, with the contempt which the hon. gentleman asserts. I shall deem it my duty in future, as long as I occupy this position, or any other position in the Government, whenever representations are made which I consider to be in the interest of the public to carry out, to recommend my colleagues to adopt a policy which will give effect to such opinions. But there are suggestions made very often which, when they are considered, and when you have the opportunity of a quiet conversation with those who suggest them, are seen by those gentlemen themselves to be improper or undesirable to carry out.

**SUMMARY OF ARGUMENTS AGAINST PROPOSED CHANGES IN
THE LAW.**

I have shown that a return to the moiety system proper in the United States, is only a question of time, and that to

abolish it in Canada would be to do away with the incentive now existing, and to lessen the anxiety of officials to discover and follow up frauds, as they would not incur odium and ill-will in a discharge of their ordinary routine duty, without being rewarded for it. Consequently, unchecked frauds would increase, and honest business men would suffer all the more. Instead of energetic and capable Customs officers paid by the dishonest portion of the community, as at present, for their successful efforts in discovering and punishing irregularities, the public Treasury would be depleted by the loss of revenue which the proposed system would undoubtedly entail. It is, therefore, manifest that a continuance of the present system is calculated in every way to conserve the interests both of honest business houses and of the revenue of the country. It is beyond doubt the system which experience has proved to be the best, and it should be maintained. Mr. Speaker, I shall leave this question with the House, asking hon. members if, with these facts before them, they deem it advisable to vote for the motion which has been placed in your hands, the most absurd portion of which, with all respect to my hon. friend (Mr. Holton), is that which declares that no condemnation of goods shall take place until there has been a public trial. If that were to be adopted, we would have to appoint an extra judge or two—one probably in each Province—to look after the seizures, unless you decide to abolish the moiety system, and allow everyone to bring into the country what goods he pleases; because a judge would have to adjudicate upon 600 or 700 seizures per annum. That is about the number we have to deal with, and many of them are of the most trivial character possible. For instance, a five-gallon can of coal oil is brought across the border, and, according to the proposition now made, that must be held in durance vile, and I suppose we would have to put a Special Officer in charge of it to prevent evaporation taking place, or to prevent the oil being extracted and water put in, until a judge could adjudicate upon it. That is the proposition which hon. members will be asked to vote for. However, this motion being one condemning the Government, I expect that hon. gentlemen opposite will vote for it, irrespective of the principles which it involves.

