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CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

THURSDAY, NOV. 29

1906



OTTAWA

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BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

(MINISTER OF FINANCE)

IN THE

HOUSE OF COMMONS, THURSDAY, NOV. 29, 1906.

WAYS AND MEANS—THE BUDGET.

Hon. W. S. FIELDING (Minister of Finance) moved that the House go into committee to consider of the ways and means for raising the supply to be granted to His Majesty. He said: Mr. Speaker, in rising to present to the House my eleventh budget I feel, Sir, that I am in a position to join hon. gentlemen on both sides, for I am sure all will join, in congratulating one another upon the great and continued prosperity of the Dominion. We have had a series of good years and it is not too much to say that never at any previous moment in the history of Canada was there greater prosperity than at the present moment. Here and there are incidents in connection with our business affairs which are cause for anxiety, but we have every reason to believe they will pass away. In the eastern part of our Dominion very large industrial interests seem to be placed in a position of embarrassment by an unfortunate difficulty which has occurred between two great corporations. Both these corporations owe something to the parliament and the public of Canada and that being the case I feel that I shall but speak the wish of the government and of this parliament when I say that we expect the gentlemen connected with these great enterprises to make every possible, every reasonable effort, and that speedily, to bring about an adjustment of the difficulty, the continuance of which would bring serious disturbances to the business of a large portion of our country. At other points in the Dominion there are, unhappily, difficulties because of the question of labour. But after all, these are but indications of the growth and progress of the country, for they mean that labour is demanding a larger share of the great wealth which

has accumulated through the development of Canada. It is to be regretted that these incidents occur, yet we feel hopeful and confident that they are but spots on the sun of general prosperity and that they will speedily pass away.

Our budget comes this year under exceptional circumstances. Usually parliament meets in February or March and the budget follows a few days or perhaps a few weeks later. This year, owing to a change in our system of the fiscal year, we are able to meet parliament in November and the budget comes on quickly. Hereafter our fiscal year will end on the 31st of March instead of ending, as in former years, on the 30th of June. We are hoping for very great improvements in connection with our public affairs arising out of this change. We hope to have winter sessions of parliament and that the summer or some reasonable portion of the summer may be available to the members for their private affairs or for recreations, if they are fortunate enough to be able to spare the time. But while we hope in future years to meet in November, I do not think it would be reasonable to expect that even under such changed circumstances we can always look for the budget at so early a date as this. There are exceptional reasons why an early budget is desired now, because it is well understood that we are to deal with the important question of the tariff. That being the case, I think the general feeling is that the quicker the matter is dealt with and disposed of the better the country will be pleased. Since the tariff question is the chief matter of the present budget I shall deem it well to curtail my remarks upon other questions in order that I may enter as fully as possible into an explanation of the tariff changes which we propose to submit to the House.

FISCAL YEAR, 1905-6.

The fiscal year 1905-6, which closed on the 30th June last, and for which the public accounts have just been laid before the House, may be regarded as a year of financial prosperity as well as a year of general prosperity. The estimated revenue for the year was \$79,000,000. The actual revenue was \$80,139,360.07. There was thus an excess in the revenue over the estimate of \$1,139,360.07.

On the expenditure side, chargeable to consolidated fund, the estimate was \$66,500,000. The expenditure was \$67,240,640.95.

Thus we had an increase of expenditure of \$740,640.95, but we had an increase of revenue of \$1,139,360.07, so that the net

result of the year's operations, as between revenue and expenditure chargeable to consolidated fund was that, whereas I had estimated on a surplus of \$12,500,000, the actual surplus was \$12,898,719.12. The figures are shown in the following table:

CONSOLIDATED FUND.

	Actual.	Estimated.	Greater than Estimate.
	\$ cts.	\$ cts.	\$ cts.
Revenue	80,139,360 07	79,000,000 00	1,139,360 07
Expenditure.....	67,240,640 95	66,500,000 00	740,640 95
Surplus.....	12,898,719 12	12,500,000 00	398,719 12

REVENUE.

The revenue shows a remarkable expansion, being \$8,956,-587.40 in excess of the revenue for the year 1905, or an increase of $12\frac{1}{2}$ per cent, the expenditure exceeded that of 1905 by \$3,920,958, or a little over 6 per cent. We increased our expenditure in that year—dealing with the items chargeable to consolidated fund—to the extent of 6 per cent, but we increased our revenue to the extent of $12\frac{1}{2}$ per cent.

There have been only two surpluses larger than that which I have mentioned, namely, in 1903 and 1904. The total net surplus in the ten years completed amounts to \$77,198,884.97. During that period there has been but one deficit and that was in 1897 and it amounted to \$519,981.44.

When we turn to the comparative statement of the receipts for 1904 and 1905 we have the gratifying fact that in every department there was an increase in revenue, as the following table will show:—

CONSOLIDATED FUND.

	1904-5.	1905-6.	Increase.
	\$ cts.	\$ cts.	\$ cts.
Customs	41,433,648 60	46,064,597 89	4,630,949 29
Excise	12,586,474 80	14,010,220 30	1,423,745 50
Post Office	5,125,372 67	5,933,342 53	807,969 86
Dominion Lands.	1,292,301 14	1,668,162 35	375,861 21
Railways.....	7,050,892 11	7,950,552 97	899,660 86
Miscellaneous.....	3,694,083 35	4,512,484 03	818,400 68
Total	71,182,772 67	80,139,360 07	8,956,587 40

We therefore find that in every department of the government there has been a very considerable and very gratifying increase of revenue.

POST OFFICE.

Taking one or two of these services for special comparison, we find that in the Post Office for the year of 1905 there was a surplus of \$490,844. That in itself was a very handsome surplus as compared with the condition of affairs a few years ago when in the Post Office service under a higher rate of postal taxation than we now have, we spent all the earnings and ran short \$500,000 or \$600,000 at the end of the year. As I have said, in the year 1905 there was a surplus of \$490,844, but last year (1906), there was a surplus in the Post Office Department of a little over one million dollars.

YEAR 1905-6.	
Receipts.....	\$5,933,342 53
Expenditure.....	4,921,577 22
Surplus.....	\$1,011,765 31

GOVERNMENT RAILWAYS, 1905-6.

The financial statement as to the Intercolonial Railway has too often in the past not been a favourable one, and so we should be glad to take notice of the more favourable conditions presented by the Intercolonial Railway returns last year. For the fiscal year, 1905-6, the revenue of the Intercolonial Railway was \$7,643,829.90, and the working expenses, \$7,581,914.36, so that the Intercolonial Railway for that year shows a surplus over its working expenses of \$61,915.54.

The other branch of the government railways, the Prince Edward Island Railway, is not usually self-sustaining and hitherto we have hardly felt at liberty to hope it would be so. However, there is an improvement in the Prince Edward Island Railway, for whereas in the fiscal year, 1904-5, there was a deficit of \$151,375.19, the deficit on the Prince Edward Island Railway last year (1906) was only \$36,982.59. There is therefore a very decided surplus in the case of the Intercolonial Railway, and a very material reduction of the deficit in the case of the Prince Edward Island Railway, a statement which must be most gratifying to my hon. friend the Minister of Railways and Canals (Mr. Emmerson). The following table shows the receipts and expenditures for the past year of the Intercolonial Railway and the Prince Edward Island Railway.

INTERCOLONIAL RAILWAY, 1905-6.

Revenue..	\$7,643,829 90
Working expenses..	7,581,914 36
Surplus..	\$ 61,915 54

PRINCE EDWARD ISLAND RAILWAY, 1905-6.

Revenue..	\$257,270 57
Working expenses..	294,253 16
Deficit..	\$ 36,982 59

CAPITAL EXPENDITURE, 1905-6.

The capital expenditure of the last fiscal year, that is, the sums apart from ordinary charges, on consolidated fund, amounted to \$16,037,000.77, a little over half a million in excess of the like expenditure in the previous year. This outlay was made up of the following services:—

Railways (including Transcontinental, \$1,841,269.95).....	\$ 6,102,565 74
Canals.....	1,552,121 21
Dominion Lands.....	599,780 01
Public Works.....	2,359,528 50
Militia.....	1,299,875 65
	<hr/>
	\$11,913,871 11

To which we have to add the following
special expenditures—

Railway subsidies..	\$1,637,574 37
Bounties..	2,400,771 29
Other charges..	84,784 00
	<hr/>
	\$ 4,123,129 66
	<hr/>
	\$16,037,000 77

NET DEBT.

Out of the abundance of our revenues we were able to provide for almost this entire expenditure. We have provided for the ordinary expenditure and for the capital expenditure entirely, except as respects the sum of \$818,000. My estimate was that we might add to the net debt of Canada in the year, \$800,000. The actual addition to the debt is \$818,000.

Mr. FOSTER. But you hoped to have no addition.

Mr. FIELDING. Well, we do not always realize all our hopes. My hon. friend would have been very fortunate if he had realized as many as I have.

FISCAL PERIOD, 1906-7.

Turning now to the fiscal period of 1906-7, that is to say, the period of nine months upon which we have entered, it is perhaps difficult at this early date to make a very accurate estimate of the out-turn of the business of the nine months period which began on the first of July last. Our revenues have been very generous. Up to the 20th of November we have received \$38,924,909, being an increase of \$4,299,495 over the corresponding period of 1905-6. Up to the 31st March next, which will be the end of what I may call the fiscal period of nine months, I estimate that we may count on a revenue of \$65,000,000. If business prospers during the next few months as it has been prospering of late, we may hope to do even better than that—and I trust that my hon. friend will not attach too much importance to that word 'hope'; but to be on the safe side, I put the estimated revenue at \$65,000,000. The expenditure chargeable to consolidated fund is somewhat difficult to estimate, as we have no fiscal period of nine months in the preceding year with which to make comparisons. I am assured, however, that the expenditure chargeable to consolidated fund for the nine months will not exceed \$52,000,000. If then, we have a revenue for the nine months of \$65,000,000 and an expenditure chargeable to consolidated fund of \$52,000,000, we shall have a surplus at the end of the nine months of \$13,000,000. The capital and special charges for the period have to be considered, and these I place at \$12,500,000. That would leave a balance of half a million dollars in our favour; but, as about a million of the expenditure is a mere matter of account—we do not get rid of the money, but pass it into the sinking fund, where it is credited to our net debt—the result of all these operations, so far as I can see them, is that at the close of the fiscal period of nine months, we shall have paid all the charges of every class and kind for the period, and shall have effected a reduction in the net debt of Canada during that period of about \$1,500,000.

LOANS MATURED AND REDEEMED.

We have had considerable sums maturing in the way of loans in England, and I ask the House to bear with me for a moment while I give an explanation in regard to them. In the last three years we have had loans maturing in London to the extent of £9,800,000, as follows:—

October, 1903, I.C.R. guaranteed 4 per cent loan.....	£1,500,000
October, 1903 I.C.R. unguaranteed 5 per cent loan.....	500,000
April 1, 1904, Rupert's Land 4 per cent loan.....	300,000
May 1, 1904, 4 per cent loan, 1874	4,000,000
November 1, 1905, 4 per cent loan, 1875..	1,000,000
November 1, 1906, 4 per cent loan, 1876..	2,500,000
	<hr/>
	£9,800,000

To meet these liabilities we held sinking funds to the amount of £3,257,692. With the exception of a portion of the 4 per cent loan of 1874, of which £2,500,000 was extended until May, 1907, and of which extended portion under an option given at the time the extension was arranged, £573,345 have been converted to a 3 per cent loan due in 1938—with the exception of these sums all the above loans have been paid off at maturity without the necessity of going on the market for a permanent loan.

CANADIAN PACIFIC RAILWAY LAND GRANT LOAN.

It is necessary, however, to explain that our position with regard to our loans has been modified by a transaction with the Canadian Pacific Railway Company arising out of a contract made by our hon. friends opposite in the year 1888. The Canadian Pacific Railway Company at that time received a government guarantee on a loan of \$15,000,000 bearing 3½ per cent interest. Provision was made that the government should take a security for its guarantee upon the lands of the company. It was further arranged that as these lands should be sold, the net proceeds of the sales should be paid over to the government, and that when and so soon as these payments should equal \$15,000,000, the guarantee on the loan should cease, and it should become a government loan. In this way we have received from the Canadian Pacific Railway Company very considerable sums of money. Owing to the great prosperity of the country, the company have been able to sell the lands at very desirable prices, and the result has been that they have been able to bring this transaction to a much earlier close, as between themselves and the government, than perhaps they had hoped for. In connection with this arrangement, we might in the natural order of things have looked for some diminution in the rate of interest; and if the rate of interest had continued to fall, this transaction

would have been a slight burden on the treasury. I do not say that it would not have been justified; but as it turned out, money has been increasing its interest-bearing power during the last three or four years, and this money came into the hands of the government when it was no burden for us to take it and allow $3\frac{1}{2}$ per cent interest upon it. At all events, up to the current fiscal year the Canadian Pacific Railway Company have paid us on that account, as follows:—

1903—	
July 4.	\$ 500,000
August 19.	500,000
October 8.	500,000
1904—	
January 21.	500,000
May 2.	500,000
July 2.	1,000,000
December 3.	1,000,000
1905—	
April 3.	1,000,000
July 3.	1,500,000
1906—	
January 2.	1,000,000
May 31.	2,000,000
June 12.	2,500,000
June 30.	1,000,000
July 10.	1,500,000
	<hr/>
	\$15,000,000

So that by the 10th July last the Canadian Pacific Railway had paid into the hands of the government the full sum of \$15,000,000. These moneys became available to the government for the payment of its own loans, for the general management of its finances, but of course they became an obligation of the government which we shall have to pay on the maturity of these loans in 1938.

EARLY MATURING LOANS.

With regard to future loans, on the 1st May next, £1,926,654 sterling being a portion of our 4 per cent loan of 1874, which fell due in 1904, matures. On the 1st May, 1904, you will recollect that a loan of £4,000,000 matured, of which £2,500,000 were extended three years at the same rate, the holders of the portion thus extended having the option to convert their holdings into a 3 per cent stock due 1938 at the rate of £105

of threes for each £100 of fours, such option extending to 30th April, 1906. The sum of £573,345 sterling was so converted, leaving in round numbers £2,000,000 to be met on the 1st May next. That is all the indebtedness in London which falls due in 1907. In the succeeding year, 1908, we have £1,500,000 sterling of the Intercolonial Railway guaranteed 4 per cent loan maturing, and on the 1st November of the same year £4,500,000 4 per cent loan of 1879. These are considerable sums which will fall due in London in the next year or two. I need hardly say the government are keeping these obligations well in mind and endeavouring so to arrange our finances that we shall be able at the proper time to make satisfactory arrangement to meet them either by way of redemption or otherwise, so that the very high position which the credit of Canada has had for a great many years may be maintained and continued.

TRADE OF CANADA.

I do not propose to say much to-day regarding the trade of the country, because, as I have already stated, the chief object to-day is to present the tariff schedules, and I am endeavouring to condense my remarks on other subjects. Hon. gentlemen are well aware, from current reports in the press, that the trade returns of the present period are exceedingly satisfactory. The total trade for 1904-5 amounted to \$470,151,289, whereas in 1905-6 it reached a total of \$550,872,645, an increase of \$80,721,356, equal to 17 per cent. Of this total increase, the imports accounted for \$27,451,598, and the exports \$53,269,758. For the current period there is every indication of an equally great expansion. To the end of October our total trade increased by over \$32,250,000, as compared with the same period last year. Of this increase about \$13,250,000 arises from the exports and the balance of the increase from the imports.

Mr. FOSTER. What are these two figures again for that period?

Mr. FIELDING. For this current period?

Mr. FOSTER. Yes.

Mr. FIELDING. The increase is \$32,250,000 for the current fiscal year as compared with the same period last year; \$13,250,000 of this increase is in the way of exports and the balance, which is the larger part, is in the way of increased imports.

THE TARIFF.

Turning now to the question of the tariff, this is the second occasion on which it has fallen to my lot to present to the parliament of Canada a full revision of the Canadian tariff. The revision of 1897 was a task of considerable magnitude and attended by many difficulties. We have now had ten years experience of that tariff. I do not think it is too much to say, looking back to that experience, that the revision of 1897, with the comparatively few amendments since made, has worked well, and that the tariff we then gave was on the whole well adapted to our conditions, a tariff under which we have been able to develop a marvellous condition of prosperity. Just how far tariff legislation has a bearing on the growth and progress of the country always has been, and always will be, a subject for difference of opinion. But so far as we may admit that the tariff policy of a country may have any effect on its progress and prosperity, I think all will frankly acknowledge that the tariff of 1897 has been a most successful one. Our desire has been to encourage a large degree of tariff stability—not a slavish adherence to every item in the tariff. But we have been desirous that the impression should go abroad that the government were not willing to make changes hastily, that they were rather slow to do anything in that line, and only when a case became of extreme urgency would we undertake to make changes. We have, therefore, from time to time resisted many applications for changes, not because in some instances there may not have been something in the argument, but because it was not wise to make changes too often. And if in one or two cases there was some reason perhaps to justify a change, I do not think anybody has suffered any serious loss by the delay.

Now that we are approaching the question of a general tariff revision, we again wish to keep in mind this idea of tariff stability. We do not desire to make radical changes. We feel that the general condition of Canada to-day is such that no radical changes in the tariff are called for. In accordance with the intentions recently expressed, we are changing the shape and form of our tariff. We are adopting new forms of schedules, but after all it will be found that no very great and no very radical changes are being made in the resolution it will be my duty to present.

THE MANUFACTURING INDUSTRIES.

We have from time to time discussions with hon. gentlemen opposite with regard to encouraging manufacturing industries. I do not think there is, certainly as to the principle, a very wide difference between us. We all agree that we should like manufacturing industries to prosper in Canada, always provided it does not cost too much. I suppose the question of difference between us would be as to where the proper line should be drawn. Some hon. gentlemen take the extreme view that Canada should manufacture everything. They see some article has been imported from abroad and they say you have no right to import these things because you can make them in Canada and should make them. In most instances we can make them, but whether we should is a debatable question. The question is, can we make them economically, and should we attempt to make them or are they things not well adapted to our manufacturing conditions. We are not prepared to take the view that we must manufacture everything in Canada. There are things we cannot manufacture with profit and we think we would do as well to wait until Canada has a much larger population before attempting to force the manufacturing in some lines. Take as an illustration the case of tin plate, and I am introducing it as an illustration only, because I am not now dealing with the tariff items. We have been approached, very strong representations have been made to us, to put a duty on tin plate in order that we might manufacture it in Canada. There is certainly no difficulty about manufacturing all the tin plate we want in Canada if we are prepared to pay the price, and some enterprising gentlemen have already taken steps to establish a factory in a town in eastern Ontario. I do not think they have gone so far as to complete their building, but they have made some progress and perhaps are waiting to hear now the government may view the enterprise before they invest further money. We say at once that while it would be a desirable thing to have a tin plate factory in Canada or any other factory that will give employment to the people, what we have to consider is whether the advantages to be derived from establishing an industry of that character are at all equal to the burdens that would be imposed on the mass of the people by its establishment. Tin is an article which enters into the industries and domestic life of the people to a very large extent. Its price affects the price of home utensils and of dairying utensils in a very large degree, and the tremendous canning industry we are building up—an

industry to which we are looking with pride and satisfaction and hope to see very largely developed. And as an hon. friend behind me suggests, it affects the maple sugar industry, which is a part of the canning industry. This canning industry is a vast one; and I think it would be a mistake if, because of this idea of making things in Canada, or even for the establishment of a factory, important as it might be to the locality in which it was situated, worthy as the enterprise might be, and commendable as might be the spirit of the gentlemen who would undertake it, we should cultivate that industry by putting a heavy burden upon all this varied range of industries which require tin. And therefore, we say, as an illustration of our policy, that we are not prepared to put a duty on tin plate.

CHANGE IN FORM OF THE TARIFF.

When we introduced the tariff of 1897, we made very considerable changes in the rates of duty. There were important reductions and a few increases. We made some attempt to improve the classification also; but not very much was done along the line of changing the form of the tariff. Our tariff, so far as its form was concerned, followed pretty much the form of earlier days. Now, we are proposing a change in the form of the tariff. We propose to classify goods, as near as possible, in groups according to their nature. In the present tariff the free list is given in full at the end. We propose to abolish that and to take each item of the free list which is to be continued as free and put it in its proper class and position. For every item within the group of kindred items there will be set forth the rate of duty imposed; and if the item is free, the name will appear in its proper order with the word 'free' after it.

CLASSIFICATION OF ITEMS OF THE TARIFF.

I think hon. gentlemen will find that on the whole a convenience. With regard to the grouping of the tariff, we have classified the items according to the following general divisions:—

1. Animals, agricultural products, fish and provisions.
2. Sugar, molasses and manufactures thereof.
3. Tobacco and manufactures thereof.
4. Spirits, wine and other beverages.
5. Pulp, paper and books.
6. Chemicals, drugs, oils and paints.
7. Earths, earthenware and stoneware.
8. Metals and manufactures thereof.
9. Wood and manufactures thereof.

10. Cotton, flax, hemp, jute and other fibres, silk, wool and manufactures thereof.

11. Miscellaneous.

We also made some changes in the wording of the tariff. In that respect, we have naturally consulted the officials of the department—the appraisers and others, who have had opportunities of learning the possible difficulties that might arise under any vagueness of wording, and wherever these gentlemen have suggested that the wording of the tariff should be made clearer we have acted upon their advice, changing the wording here and there. Then, at the close we have two schedules, one dealing with question of drawbacks and the other with prohibited goods. A list of prohibited goods will remain. As to the matter of drawbacks, I shall have something to say about that presently.

GENERAL TARIFF, INTERMEDIATE TARIFF AND BRITISH PREFERENCE.

Our present tariff arrangement comprises, you may say, practically four tariffs—at all events, there are four distinct commercial arrangements. The first is the British preferential tariff, then the general tariff, then the surtax in certain cases, and then the French Treaty. We retain all these features, and there are not many changes as respects them. But we introduce a new feature which we call the Intermediate tariff. We propose to have three tariff columns—the general tariff, which will be, in large degree, the tariff of to-day. Not absolutely, of course; it will be varied; but, substantially speaking the tariff will not be much different from the tariff of to-day. There are a few items in which there is a higher rate than in the tariff to-day; but, as a rule, the general tariff of to-day, and the general tariff of the new schedule will be nearly the same. Then there will be the Intermediate tariff. And lastly there will be the British preference. With regard to the Intermediate tariff, it is not intended, as I shall explain, to go into operation at once. I wish to speak first of the British preference.

THE BRITISH PREFERENCE.

We adhere to the principle of the British preference, because, notwithstanding some criticisms which have been made, we believe it has been a good thing for Canada. We are satisfied that it has given Canada prominence in the eyes of the empire and all over the world. And we believe that it has brought us commercial advantages, advantages derived from sentiment, but

advantages which are substantial. There was a short time during which it was claimed by our friends across the water that the preference was not much advantage to them. On one occasion a very distinguished statesman on the other side argued that way. But I am sure that all will acknowledge in view of the figures of recent years, that the British preferential tariff has given decided advantage to the British manufacturer and to the British merchant in lines of goods which we desire to buy from them, and advantage not so much in comparison with the home producer as in comparison with the producer in a foreign country.

VALUE OF THE PREFERENCE.

In 1890 the imports into Canada from Great Britain amounted to \$43,000,000. In 1897 these imports had fallen to \$29,200,000. At that time, the preferential tariff came in; the tide was turned, and the British imports into Canada last year amounted to \$69,000,000. If we look at the dutiable goods only—and, of course, the preference only applies to the duty of the goods—we find that in 1897 our imports from Great Britain amounted to \$20,217,422, and in 1906 to \$52,615,725. Therefore, there is no doubt that the British preference has increased our trade with Great Britain, so far as increasing the volume of British imports is concerned. We think that it has had also a most desirable effect in increasing the interest in Great Britain in Canadian products; and, though it is difficult to establish it by particular evidence, our conviction is that the preferential tariff has been the means of encouraging the use and consumption of Canadian products in Great Britain. There is another view of the British preferential tariff. It gave a great reduction of taxation to the consumers of this country. It has been estimated, by a close calculation, that if this preference had not been established, if we had maintained, during the past ten years, the old rates of duty as we found them, and if the goods had continued to come into the country under those rates of duty—though, of course, they might not have done so—no less than \$28,000,000 of taxation would have been collected from the people over and above what they have been called upon to pay under the British preferential tariff. Another point is that the rates under the British preferential tariff have governed to a very considerable extent the prices of articles sold in Canada by foreign countries; and, undoubtedly, a very considerable advantage is given

to the people in the prices they have paid for articles of consumption by reason of the fact that the foreign exporter, if he wished to sell to our people, had to bring the prices of his goods to the standard of British prices under the British preferential rate.

Hon. gentlemen opposite sometimes talk of a mutual preference. That is an old story. Hon. gentlemen on both sides would be happy if the preference had been mutual; if it had pleased the British people to give us a preference there would be no difference of opinion, but all would agree that it would be well for us to have it. The only difference of opinion would be in the value set upon it.

There are a few gentlemen in the House who perhaps do not value it as highly as some others, but we would be willing to say that if it suited the pleasure and convenience of the British people to grant that preference to the products of Canada, we should have been glad to have it, and many of us think it would have been of considerable advantage. But while we hold that opinion, we have felt that we would not be doing justice to Canada if we were to press the matter unduly upon the British people. We have never made any concealment of our views on the subject; but when it became apparent that the adoption of such a policy was obnoxious to the mass of the people of Great Britain for the time being, whatever their views may be in the future, when it became a party question in Great Britain, when one of the great political parties over there took strong ground against it, when it was declared to be a policy antagonistic to the wishes of the mass of the people, we thought the proper position for us to take was and is this: It is a question for you, the people of Great Britain. We adopted the British preference because we believed it was a good thing for Canada. When you people see fit to adopt it as a good thing for Great Britain, why we shall be pleased; but if it does not suit you to adopt it from the standpoint of your own interest, we have no objection to make, you must go your own way.

Mr. SPROULE. I thought some of you did not want it.

Mr. FIELDING. That might refer to some other people. There are one or two hon. gentlemen on the other side who say they do not want a British preference at all; I do not want to mention names, but they are looking straight at me now. Now I am not going to say what may happen in the future. 'Never,'

as I once had occasion to say in this House while discussing the same question, is a very large word in public affairs. For the moment there is no prospect of that mutual preference being granted. But there is one point upon which I have always had a clear view, and I venture to repeat it to-day, that is, that if a mutual preference is desirable, if it is desirable for the British people to grant us that preference, then certainly we can never advance the cause by pressing it unduly upon the British people, by insisting upon their doing something for our advantage which they do not regard as consistent with their own good. We say, therefore, those of us who regard that mutual preference as a desirable thing, that while we may perhaps bring about that mutual preference by the policy we are now pursuing, we never could bring it about by the other policy of insisting and demanding that our British brethren should do something for us which they regard as inconsistent with their own interests.

Mr. SPROULE. What about the cattle embargo? You take a different ground there.

Mr. FIELDING. Well, I am afraid some of the British people are becoming a little protectionist. A great many men in this world are protectionists without being willing to acknowledge it.

Mr. W. F. MACLEAN. The woods are full of them.

Mr. FIELDING. I would not be surprised if some of those British statesmen have got a little protection in the back of their head on the question of that cattle embargo. However, they have a right to their own view of that question, and we must not quarrel with them.

COUNTRIES TO WHICH PREFERENCE APPLIES.

With regard to the application of the British preference, the countries to which it has been applied have been extended from time to time, and probably it would be of interest to the House to know exactly what countries come under the operation of that tariff. First of course there is the United Kingdom, then the British colony of Bermuda, the British colonies commonly called the British West Indies, including the Bahamas, Jamaica, Jerks and Caicos Islands, the Leeward Islands, the Windward Islands, Barbadoes, Trinidad, Tobago, British Guiana, British India, Ceylon, Straits Settlements, New Zealand, Cape

of Good Hope, Natal, Orange River, Transvaal and Southern Rhodesia. All these countries are to-day under the operation of the British preferential tariff, and we continue to them this privilege. Then we provide, as in the past, that any other British colony or possession may be given the benefit of the British preference in Canada, by order in council.

CHANGES IN THE PREFERENTIAL TARIFF.

Now we are making some changes in the British preferential tariff, but they are not changes of great importance. For some years we had a flat rate of one-third off the general tariff. That was found to be embarrassing in some cases, and we had to introduce special legislation to provide for special items. We have thought it best now to depart from that method and to have a tariff column in which every item shall be set forth with the proper rate of duty opposite. In some cases it will be found that the rate of preference is a little less than it was before; in some cases it will be found that the preference to Great Britain is larger than it was before. On the whole I think it will be found, as a result of our revision, that the tariff is more favourable to Great Britain in the way of preference than it is at the present moment. We desire to turn trade to Great Britain wherever we can properly do so, because Great Britain is our best customer, and if, by any arrangement that we can properly make we can turn trade from people who will not buy from us towards people who do buy from us, then we think we ought to do so. We are desirous of doing this in the way of turning trade to Great Britain. We are taking special account of Great Britain as a producer of metals, and when hon. gentlemen come to examine carefully the tariff schedules they will find that in that particular class of goods we have increased the preference to Great Britain; so that in that line of manufactures in which she has severe competition she will be in a better position to sell goods to Canada in comparison with foreign countries than she is under the present tariff. Then we are making another effort, a modest effort, to turn trade towards Great Britain. There are some cases in which we propose that goods which have been free to Great Britain, may have a small duty when coming from foreign countries, articles of course upon which there is competition, and in that way there will be a further advantage to Great Britain.

UNITS OF $2\frac{1}{2}$ PER CENT ADOPTED.

Now, there are fractional differences in the tariff, which are not very important, I admit. I will give one or two illustrations. For example, if we have a duty of 25 per cent in the general tariff with one-third off, we get a net rate of 16 two-thirds. We think it desirable in making a new tariff that we should avoid this fraction—shall I call it a vulgar fraction?—and that we shall adopt units of two and a half per cent. For convenience of calculation—and convenience of calculation in the customs means the convenience of the business man who has to do business at the custom-house—for convenience of calculation by the Customs Department we are endeavouring to adopt in the case of ad valorem duties, units of two and a half. Thus a duty will be 15, $17\frac{1}{2}$, 20, $22\frac{1}{2}$, 25 and so on, avoiding in collection any intermediate rate. So if you take a duty which, taking one-third off, would give you a fraction, we propose to bring it down to the one unit of duty or up to the other. If you have a duty of $16\frac{2}{3}$ we make it either $17\frac{1}{2}$ or 15; in some cases, perhaps in the majority of cases, we have made it $17\frac{1}{2}$, because that cannot be said to be higher than a fair revenue tariff rate. If you have a duty of 35 per cent and one-third off, the net rate is $23\frac{1}{3}$, which is an inconvenient rate; so we make it $22\frac{1}{2}$ or 25. In some cases we have made it 25, in other cases, I think in the majority of cases of that class, you find the same illustration. You have a rate of 20 per cent which, with one-third off, gives a result of 13 and a fraction. We make that rate on goods coming from Great Britain in some cases $12\frac{1}{2}$, and in other cases 15. Hon. gentlemen will see, having regard to these fractional rates under the present system, that by endeavouring to adopt a system of units of two and a half, sometimes we increase the rate of goods from Great Britain and sometimes we reduce it. I think it will be found on the whole, however, that as a result of the revision we leave the preference to Great Britain quite as much, and probably larger than it is to-day, and that Great Britain will have a better chance to compete with foreign competitors under this tariff than she has had in the past.

AMOUNT OF BRITISH LABOUR REQUIRED IN FOREIGN GOODS
TO QUALIFY FOR THE PREFERENCE.

Then in connection with the British preferential tariff there is the question of the amount of British labour which should enter into a foreign product to qualify it as a British

article. Great Britain manufactures in a very large degree from materials which are imported from abroad, and we have been constantly told that German goods are being sent into Canada under the British preferential tariff, and that that is an evasion of the law. We have given that very careful attention, and while it would not be right to say that in no case has it been done, it is possible it has been done, we think we are justified in saying that as a rule it has not been done. But there is one difficulty that arises with which we propose to deal. We have provided by regulation that in order that an article may be qualified for admission under the British preferential tariff it must have 25 per cent of British labour. Nothing less than that will stamp it as a British article. It has been held in some quarters that this expression 'British labour' includes merchant's or manufacturer's profit. This we think a wrong interpretation, and we propose to lay it down as a principle that profit shall not be deemed labour, but that in order that any foreign article may receive the British stamp, may qualify itself to be admitted under the British preferential tariff, it must have upon it 25 per cent of bona fide British labour, without computing the profits as a portion of that labour. I think that will meet the criticism which has occasionally been offered as to the amount of British labour entering into those goods.

THE INTERMEDIATE TARIFF.

I have spoken, Sir, of the general character of the British preferential tariff and I wish now to say something concerning what we have called the intermediate tariff, there being, as I said before, three columns, the British preference, the intermediate and the general. The column of the intermediate tariff will contain rates of duty which are somewhat below the rates of duty in the general tariff. On duties of 30 per cent or less, roughly speaking, the reduction is about one-tenth; in some cases it may be a little more. The intermediate tariff then will have rates which are somewhat below the rates of the general tariff, but still leaving a material preference in the British column. We do not propose at the present time to apply the intermediate tariff to any country. There are reasons which being stated will commend themselves to the House at once on that point. We propose to adopt this intermediate tariff as an instrument by which we may conduct negotiations, from time to time, with any country which is willing to give Canada favourable conditions. We want to extend our markets abroad

and we want to have some tariff condition which we can offer to other countries as an inducement to them to give us favourable terms in order that we may find new and larger markets for the products of Canada. Now there are various reasons why we do not think it well to put that tariff into operation at once. It would require negotiation, we wish to have it as an instrument of negotiation. Just how far we may be able to use an instrument of that character for negotiation is a very interesting question. The very discussion of this intermediate tariff to apply to foreign countries brings us into the field of what I might almost call Canada's foreign relations, if we be permitted to have such a thing as foreign relations. The wisdom of British statesmen has given to self-governing colonies like Canada practical fiscal independence, subject only to that imperial veto power which has to exist, which is a necessity and proper thing under our constitutional system, but which is rarely, practically never exercised. Subject to that as a necessary connecting link between the mother country, and the colony, Canada is practically a free country, having her own Customs law. We are free to say on what terms we shall admit the products of any country. If we should adjust our tariff to satisfy any foreign country and if that country should adjust its tariff to satisfy us, then, by reciprocal legislation, by reciprocal executive action founded on legislation we might bring about an adjustment that would be satisfactory. The representative of a foreign nation approaching us might say: Here are certain things on which we will reduce our duties, and if you will reduce your duties on certain things which we want we will trade with one another. And we might say: Very well, that is all right, we will reduce the duties and you do likewise, and in that short and informal way there might be a mutual trade arrangement. We have the undoubted power to do anything of that kind, but of course any arrangement of that character which we might make would be temporary; it would be simply legislation from day to day and might be brought to an end at any moment by either party who was dissatisfied with the arrangement. If we desired at any time to make a more permanent arrangement, if we desired to make an arrangement for a period of years, we, of course, would have no power to do that whatever; that could only be done by the treaty-making power and while Canada has made enormous progress and has a large measure of self-government, we quite recognize that the treaty-making power belongs to the Sovereign and if we desired to give the

benefits of this intermediate tariff to any country in return for compensating advantages and desired to have them fixed for a period of years, that could only be brought about through negotiation on the part of His Majesty's government, by the appointment of an official representing His Majesty's government in order that a proper treaty might be negotiated. There is, however, no likelihood of any trouble on that score because we may feel quite sure that if at any time we have reason to believe that any foreign country is ready to make a favourable trade arrangement with Canada, His Majesty's government would be only too ready to co-operate with us and that a proper official would be appointed to negotiate such a treaty and that with him would be associated some Canadian minister in order that we might, through the proper channels, negotiate a treaty to bring about the desired end.

All we do then by adopting this intermediate tariff is to hold it up to countries abroad and say: This is something which you may obtain if you desire by entering into negotiations with Canada; you may obtain the whole tariff for equal compensation or you may obtain a part of that tariff for compensation. You may obtain it from day to day by reciprocal legislation or you may obtain it by a treaty brought about through the proper diplomatic channels. We do not therefore bring this middle tariff into operation at once, but we put it before the world as a statement of the terms and conditions upon which we are willing to negotiate with other countries, and in order that we may induce them to give us better terms and take from us a larger share of the products of Canada.

Mr. W. F. MACLEAN. Does it include every article in the tariff?

Mr. FIELDING. Every article in the tariff is set forth, but it does not follow that there is a difference in every article. There are a number of articles in the tariff which are the same all through. There are here and there articles on which for special reasons we made no difference at all as between the general tariff and the preferential tariff; there are a number of such articles upon which there is no difference to-day.

Mr. FOSTER. I wish to ask my hon. friend two questions. First, do I understand him to say that if the British preferential tariff on certain classes of goods is to-day 17½ per cent and if this intermediate tariff having reference to that article is

agreed upon with any foreign country—say at 10 per cent reduction—does that come off the British preference, and is then the British preference only 7 per cent instead of $17\frac{1}{2}$ per cent as regards that foreign country? The other question I wish to ask is this: By whom is this temporary or transitory arrangement to be brought into force; is it by the Governor in Council or by parliament?

Mr. FIELDING. We will ask parliament to give us the authority—within the limits set down in that tariff—to bring it into operation by order in council only as respects the temporary arrangement from time to time. Of course my hon. friend is aware that on the treaty side of it we cannot do that at all. I may say that there is no case in which the reduction is equal to 10 per cent in value, but wherever there is a reduction, to that extent it would diminish the British preferential undoubtedly. Though in some cases the British preferential is reduced and in others it is increased, on the whole the British preferential will be as between itself and the general tariff, about as it is to-day or perhaps a little better for Great Britain. But between these two rates will be an intermediate tariff, and if that intermediate tariff were brought into operation it would operate as a reduction of the tariff, and to the extent of a small percentage—just to extent of the difference between the two—it would diminish the British preference.

Mr. R. L. BORDEN. I wish to ask whether the intermediate tariff is entirely a matter of treaty? Or, assuming that the Governor in Council should be invested by parliament with the power mentioned by the Minister of Finance, would it follow that the Governor in Council could bring that intermediate tariff at once into force with regard to some country whose tariff towards us was of a moderate character; could that be done by the Governor in Council without the intervention of any treaty?

Mr. FIELDING. Yes, but it could only last from day to day. There would be no guarantee of permanency except through a treaty brought about through the intervention of the imperial authorities. Let me give as an illustration that which has actually happened. We are not supposed to have diplomatic relations with foreign countries, but as a matter of fact we have although it is not set out in official form. I suppose, if to-day a citizen of Germany were to get into any trouble in

the city of Montreal and if he wanted to follow diplomatic channels and to do the absolutely correct thing according to the official Hoyle he would write or telegraph home to Germany, the German government would go to the British Ambassador to Germany, the British Ambassador would go to the foreign office in London, the foreign office in London would go to the Colonial office, the Colonial office would go to the Governor General and by and by the man in Montreal might find some action taken in Canada as to his particular difficulty. That is the old theory as to relations with foreign countries. But what a foreign government does to-day is that it establishes a Consul General in Montreal and the German citizen goes to that gentleman, and that gentleman comes to Ottawa, and probably within an hour the whole matter is adjusted. In that way we have in reality to-day diplomatic relations, in a sense, with a foreign country. We are not supposed to have diplomatic relations in a certain official sense, but as a matter of fact we have business relations with the representatives of foreign countries. I have in my mind an illustration of that. I remember that a gentleman closely connected with a certain foreign country said to us: If you reduce your tariff on certain things we will reduce our tariff on certain things and it would be to our mutual advantage. We could both do that. It would be our voluntary action to reduce the duty and it would be his voluntary action to reduce it on his side and thus bring about the desired end. But the next day his government could alter it and the next day our government could alter it, and therefore if it is to have permanency—and permanency is very desirable in such a thing—it would have to be a matter of negotiation through the imperial authorities and we should have to seek their good offices. They would undoubtedly appoint a representative, clothed with all the high powers of an ambassador, and they would in all probability associate themselves as they have done in the past in more than one instance, with some officer representing the government of Canada, and so the result would be brought about.

Mr. R. L. BORDEN. Perhaps the hon. gentleman has answered me as far as he can at this moment, but what I want to know is: Whether it is the policy of the government to only make the intermediate tariff applicable under conditions that are permanent such as he has mentioned; or, whether it is also the intention of the government to make it applicable in cases where the conditions may be varied from day to day?

Mr. FIELDING. We certainly would not think of asking parliament to give us authority to make a treaty for any length of time without submitting it to parliament. We would only deal with it legislatively in that temporary way I speak of.

Mr. R. L. BORDEN. Until you could come to parliament?

Mr. FIELDING. Yes. If we propose to make any treaty of that nature, that treaty would have no value or effect until we laid it before parliament and had it ratified and confirmed. We would not ask parliament to give us any authority to make a permanent treaty such as has been referred to. Now, there is one other aspect of the question which I should frankly say complicates it a little, and which I ought to put before the House. It is an additional reason why although we adopt this intermediate tariff, we set it forth in our legislation as a proposal and as an offer; it is an additional reason why we should not attempt to put it into operation at once.

FAVOURED NATION TREATIES TO BE CONSIDERED.

There are what are known as favoured nation treaties which have to be considered in any matter of this sort. When our government came into power in 1896, there were two classes of commercial treaties which affected Canada. There were first what is commonly called the favoured nation treaties. It is an expression which is very commonly used, but perhaps some have not taken the trouble to study what it means. Where a country has made a treaty with Great Britain in which it is to receive certain advantages it is a common thing for a clause to be inserted to this effect: that if at any time any privileges of a commercial character shall be granted to any country, then they shall automatically apply to the country which has made this treaty. That principle is adopted very largely by the nations of the world. These treaties, called favoured nation treaties, had been in existence for a long time. They did not affect us very much.

But there was another class of treaty; there were the treaties known as the German and Belgian treaties. These were favoured nation treaties but they were a great deal more. Let me say here that in the olden time these treaties were made by Great Britain without taking the trouble of consulting the colonies, but there has been a vast difference of late years. Great Britain to-day gives her self-governing colonies a large measure of fiscal independence, and Great Britain would not to-day make a treaty affecting the interests of Canada, with any

foreign nation, without submitting that treaty to the Canadian government and saying: Is it your wish to become a party to this treaty? But in the olden time it was otherwise and these treaties were made as I have said. I do not think many of the favoured nation treaties are of very great importance, but still they are treaties which are binding upon Canada. The Belgian and German treaties were not only favoured nation treaties but they were much more. The Belgian and German treaties required that if Canada was within the sphere of the treaty—and it was held that she was—she should give Germany and Belgium everything which she might grant in the way of preferential concessions to Great Britain herself. That was the vital difference between the two classes of treaties—the one only affected our relations with foreign countries, but the Belgian and German treaties interfered with our liberty to make arrangement with our mother country. It was against these treaties that the parliament and the government of Canada for many years protested. In the end these two treaties were denounced and the colonial empire received fiscal independence and liberty to make arrangements within itself. But the favoured nation treaties remained. Now, if we should bring in one foreign country under the privileges of this new tariff, although that country should give us concessions which would repay us, the effect would be that we would be obliged to give the same advantages without any return from them to a number of countries which possess these favoured nation treaties. You can see at once that this raises a very serious complication and warns us that we must not attempt to put this tariff into operation at once. We must conduct our negotiations and try if we can to get several countries to make an arrangement with us, and then if we should bring them in about the same time it would not do us any harm if we had to bring in some half dozen other countries the trade of which is not very important. I think it fair to point out this very important aspect of the matter and it is a very important reason why, while we put this tariff on our statute-book and hold it up as a basis for negotiations, we should not attempt to put it into operation at once, but should only make it the subject for negotiation.

DRAWBACKS.

I have spoken of the schedule in relation to drawbacks. Hon. gentlemen who are familiar with the tariff are aware that there are items in the tariff which grant free admission for certain

articles when used for special purposes—chiefly for manufacturing purposes. It has sometimes been complained of that that is open to abuse; that the articles although designed for one particular purpose and made free for that particular purpose may be applied to some other purpose, and that the revenue may in that way be defrauded. After some consideration we have come to this conclusion. There are a few of these items which are easily administered—the articles can only be used for the specific purposes for which they are designed. In such cases we make no change. There are, however, a number of articles which could possibly be used for more than one purpose, and on these we say that hereafter the duty must be paid; but, so that the importer will not be placed in a worse position, we make a refund in the shape of a drawback to the extent of 95 per cent of the duty, upon proof that the article has been used for the purpose designed, and not for any other purpose. I think that change will meet the views of a very large number of business men in the country who feel that the present system is capable of being misused.

REARRANGEMENT OF THE DUTY ON SILKS.

There is one item of that class which we treat in a somewhat different way. It is not a free item; it is an item on which we have placed a special duty. Several years ago hon. gentlemen may remember, I called the attention of the House to the peculiar position occupied by the manufacturers of neckties. It was represented to us that the chief material used in the manufacture of neckwear was German silk, which it was claimed was particularly well adapted to the business. That material was imported under the German surtax, and would have to pay a very high rate of duty. At the same time German silk could be imported into Great Britain free of duty, manufactured there into neckwear which had 25 per cent of British labour upon it, and then imported into Canada at 23½ per cent duty, while the Canadian manufacturers of neckwear had to pay nearly double that duty on the raw materials, out of which they had to make the article. That was one of the difficulties that might arise under our tariff system, and we had to meet it. The manner in which we met it was to fix a special rate of duty of 10 per cent on silk imported for the manufacture of ties so that with the British preference of 33½ per cent the manufacturer of neckwear had a fair chance. This provision, however, has been very open to abuse. The man who makes neckwear is apt to

engage in the making of other things, and if he imports silk at a special rate of duty for ties, and puts it into his factory, he may some day forget that it was to be used exclusively for ties, and may put it into other things. The dry goods trade have repeatedly made representations to us on that subject, claiming that the customs duty is being evaded. Without passing judgment on that question or reflecting on the manufacturers—because we have no evidence of it—but realizing that it is capable of abuse, we have decided to abolish the special duty and rearrange the duties in a way that will give the manufacturer of neckwear a chance to carry on his business. This will involve some increases on silks, which may not be objectionable, regarding them as luxuries. We propose to rearrange the rates of duty as follows. Silk fabrics will be 30 per cent under the general tariff, $27\frac{1}{2}$ per cent under the intermediate, and $17\frac{1}{2}$ per cent under the British preference; manufacturers of silk, including ties, $37\frac{1}{2}$ per cent under the general tariff, 35 per cent under the intermediate, and 30 per cent under the British preference. If the manufacturers of neckties still had to import their silk from Germany and pay the surtax they would be at a disadvantage; but other countries are now competing with Germany in the production of silks; Switzerland, for instance, is supplying silks of excellent quality; so that we think the effect will be that the manufacturers will purchase many of their silks from that country, and also to encourage the importation of British silks.

IMPORTATION OF GOODS FOR THE GOVERNMENT.

Another item to which I would call the attention of the House is the importation of goods for the government. From time immemorial, as long as I have been able to study tariffs, we have had in our tariff laws the provision that any department of the government might import goods for the government free of duty, and that has been so interpreted that a merchant who had received from the government an order for goods might import them free of duty. We think on the whole that is a rather objectionable system, and we have thought it well to change it. There are a few special cases in which we retain the system for special reasons, which will be explained when the item is reached. But subject to these exceptions, we propose to abolish the system. One disadvantage of the system is that it results in confusion in comparing prices of supplies. A merchant is asked to tender for the supply of goods to the

government, and he tenders at a figure including the duty, forgetting this provision, while another tenders at a much lower figure on the expectation of getting the remission of the duty; so that there is no fair basis of comparison. This leads to misunderstandings and possibly evasions of the spirit and intention of the law. We therefore propose with a few exceptions—a very few, for special reasons which I am sure the House will appreciate—to abolish the system; so that if the Department of Railways and Canals or the Department of Marine or any other department of the government wants to import goods, that department must stand in the same position as a private importer, and if a merchant gets an order from any department of the government to supply goods, he will not be able to get them in free, but must pay the duty. It may be said that this is as broad as it is long, that in the one case the government does not pay the duty, while in another case the duty comes in through the Customs Department and is paid out again in the price of the goods. At all events, we remove a system which is capable of misunderstanding, and I think on the whole the change will commend itself to the House generally.

THE ANTI-COMBINE CLAUSE.

In the existing tariff there is what is known as the anti-combine clause. Hon. gentlemen may remember that when that clause was first submitted to parliament ten years ago, we proposed that it should make this provision, that whenever the Governor in Council should become satisfied that any combination existed for unduly enhancing the price of goods, and such enhancement of price was facilitated by the operation of the tariff, we might provide by order in council for the abolition or reduction of the duty. When the matter came to be considered, the suggestion was made to us, I think by one of our friends, that this was a dangerous power for the government to take to themselves, as they might at any moment, perhaps in the case of a manufacturer who was a political opponent, lower the rate of duty. We were impressed by that view, although we had great faith in this government to do the right thing, and we decided to introduce a change providing that when the Governor in Council exercised that power, the question whether or not there was such a combine should be the subject of judicial investigation, and only after the fact had been established by such investigation should we have the right to take the proposed action. In that shape the resolution passed

the House, and is part of the tariff law to-day. While it imposed a check on the government, it had this disadvantage, that it provided a somewhat slow piece of machinery. Justice in the courts is somewhat slow; judges are busy, and men who thought there were combines were slow to take advantage of the provision. There was one case in which full advantage was taken of it—that was in the case of the paper combine. The gentlemen connected with the newspaper press organized and took proceedings and a very thorough investigation was had, the result of which was the proof of the existence of a combine. Then, in accordance with the intention of the Act, the government reduced the duty on paper to 15 per cent. That was a case in which the Act served its purpose entirely; and I am inclined to think that although the Act was only put into complete operation in that one case, the very fact that a trial took place was of great value, because it warned all manufacturers that the power existed, and, although seldom used, could be made use of by those who took the trouble to do it. We propose to maintain that clause in the tariff because its existence there, we think, has a wholesome effect.

We propose to put in another clause. Almost the same words are found in the Criminal Code. In the Criminal Code there is a provision that proceedings may be taken against any persons who are engaged in conspiracy or combine to enhance prices, and we know that such proceedings have been taken. We propose that if in any case, not by our own judicial investigation, but in the ordinary process of justice, proceedings take place in any court under the Criminal Code, and it is there established that a combine exists, that shall be sufficient evidence on which the government may act. We still adhere to the special judicial investigation, but we in addition take the power to act on the results of that investigation if it be brought about in the usual way under the Criminal Code, just as if it were brought by a special commissioner chosen by ourselves.

THE DUMPING CLAUSE.

We introduced a couple of years ago a rather novel piece of legislation known as the dumping clause. There was some friction at the time, as there always will be in the introduction of any new feature of tariff legislation, but the friction has pretty well passed away, and it will be generally admitted that this clause has on the whole served its purpose very well. We pro-

pose to continue the dumping clause and enlarge it in this respect. Hitherto it has applied only to dutiable goods. We propose to strike out the restriction and make it apply to imports whether dutiable or free. The special duty, or the dumping duty as it is familiarly termed—and by the way the word has now been sufficiently naturalized for us to import it into the tariff and we are going to honour it by placing it there—was the difference in value between the true value and what for convenience I may call the false value of the goods—at all events the cut value, but subject to this limitation, that the difference should not exceed one-half of the ordinary duties. We propose to change that slightly so that hereafter it will read that the dumping or special duty shall be the difference in value as before, provided it does not in any case exceed 15 per cent. Thus in the case of an article on the free list, if the dumping principle be applied, the duty to be charged would be the difference in value—the improper difference as we deem it—not however to exceed 15 per cent.

DENATURED ALCOHOL.

A question which attracted very much notice last year in the United States and Canada is that of denatured alcohol—the use of spirits for the purpose of fuel and light and power. There are several erroneous impressions existing in this country on that subject. The first is that the United States have made all such alcohol free for the purposes of power and so forth. That is a mistake. All that the United States government have done is to declare that alcohol for that purpose shall, after the 1st January, be made free so far as the excise duty is concerned. They have not touched the custom duty at all. Another mistaken impression is that the United States are leading us in that matter. Well, it may be a surprise to some to be told that where the United States will be on the 1st January next by their new legislation, Canada has been for some years. Denatured alcohol has been in Canada for some years free of excise duty. The only difference between the condition in Canada to-day and the condition of the United States after the 1st January next is this, that whereas by their legislation they propose to allow the manufacture of this denatured alcohol to be carried on by certain individuals at certain distilleries, we have it treated in Canada as a government monopoly. My hon. friend the Minister of Inland Revenue, is one of those monopolistic manufacturers we hear so much about. He is making denatured alcohol

which he calls methylated spirits. It has been considered advisable in the interests of the revenue, not to allow that to be made outside but only by the government, and we have been making and selling it at something like cost price. We buy the alcohol at Canadian distilleries; in denaturing we use wood alcohol; the process is carried on by the government, and the product is sold at or about cost price. We do not aim at making a profit, but when it is seen we are making a profit we reduce the price. So that we have now and have enjoyed a long time the advantage of denatured alcohol free of excise duty, the very advantage the United States will enjoy in January next.

Mr. FOSTER. Do you manufacture it only in one locality?

Mr. FIELDING. Yes, only at Ottawa.

Mr. SAM HUGHES. How much a day?

Mr. FIELDING. This is not good for drinking, my hon. friend.

Mr. HAGGART. What distilleries do you buy the alcohol from?

Mr. FIELDING. It is purchased from the various distilleries in Canada.

Mr. HAGGART. At a profit?

Mr. FIELDING. Certainly. They never sell anything without a profit and would be very foolish if they did. Unfortunately, however, we have not been able to produce denatured alcohol or methylated spirits at a low rate.

Mr. W. F. MACLEAN. That is the point.

Mr. FIELDING. It has been sold at a low rate but not sufficiently low to bring it within the reach of popular demand.

Mr. FOSTER. What rate?

Mr. FIELDING. The rate has been lately reduced to eighty cents. It used to be \$1.10. Denatured alcohol at eighty cents is not going to respond to the cry of the country for cheap fuel. We must get it away below that if we are to reach the results which the people are looking for. It is expected in the United States that alcohol can be made from refuse at a very low rate. There are new processes engaging attention. There is reason to believe that something may be done in the way of cheapening the article, and my hon. friend the Minister of Inland Revenue

(Mr. Templeman) may be able to supply it, at no distant date, below the rate now offered. But even then, I am afraid it will fail to come down to a point which will meet public expectation.

Mr. FOSTER. In purchasing from the distiller, you purchase subject to the excise?

Mr. FIELDING. No, that is what I mean in saying that to-day we are supplying alcohol denatured to the public without any duty. But I am afraid that my hon. colleague, with his improvements, may not be able to fully realize the expectations of the people.

Mr. FOSTER. He only manufactures in one place.

Mr. FIELDING. Yes. It may be found by experience that our distillers will not want to bother producing this alcohol. We shall try to get it from our distillers, if they will supply it at a rate which will enable us to produce denatured alcohol at about the rate at which it is produced in the United States, and in that case the system will be all right. But if we cannot, we propose to give the Minister of Inland Revenue (Mr. Templeman) power to import it from abroad. He has under the general clause, the power of buying goods for the government, and this is one of the cases in which we reserve the power while abolishing it generally. We therefore say that the Minister of Inland Revenue (Mr. Templeman) shall have the power, if he wishes, to import alcohol from abroad for the purpose of denaturing it, but he will naturally only do that if he fails to get it in at a low price in Canada.

Even then, we may find that under his system of manufacture he has failed to realize all his expectations, for the reason that my hon. friend has suggested—that he makes it only in one place. In view of that possibility, it may be expedient for the government to license people in different parts of the country to manufacture this alcohol. And if it be found necessary to give the people cheap denatured alcohol for the industries and the arts and for power and heating, then the Minister of Inland Revenue will be given the right to import it free of duty and sell it free of duty. Or, he may license people in different parts of Canada to import the alcohol or buy it and apply the denaturing agent, and thus produce the cheap denatured alcohol. At present the government has a contract with the people who supply the wood alcohol, which is the denaturing agent, and which is mixed with grain alcohol to produce the

result. At present, we shall have to live up to that contract. But, if it be found that the Minister of Inland Revenue cannot get the cheap alcohol in Canada, arrangements must be made for importation; and if it be found that the manufacture carried on in Ottawa alone is insufficient to meet the demands of the country, then we propose that the government should license a number of parties in different sections of the country to carry on the business of making the denatured alcohol. But, in that case, the persons so licensed shall have power to import foreign alcohol free of duty for this purpose and for no other.

Mr. HAGGART. Will these parties manufacture the two kinds of alcohol—wood and grain alcohol?

Mr. FIELDING. As the Minister of Customs (Mr. Paterson) reminds me, if these licenses are granted, they will be granted to responsible people, and the work will be carried on under the supervision of the Inland Revenue Department, as at present in the case of distilleries.

Mr. SAM HUGHES. Is the denaturing agent which is used in the United States wood alcohol?

Mr. FIELDING. I believe it is wood alcohol chiefly. The United States government has recently sent a commission—I do not know whether it is composed of more than one commissioner—to the old country to specially study the various processes of denaturing alcohol, and we hope to learn something from their experience. Of course, if other denaturing agents are found, we can use them. At present wood alcohol is the chief. Benzine also is used to a limited extent. It may be said that we could gain the desired result in a different way by simply letting the denatured alcohol come in free. But there is an objection to that course also. Denatured alcohol is alcohol which has been made non-potable—or let me coin a word and say non-drinkable. It contains certain articles which are supposed to make it so disagreeable and offensive that even the hardened toper will not touch it. But everything depends upon your having the necessary admixture of the disagreeable ingredient, and it might be that if a sufficient quantity had not been used the spirit would be used as a beverage. We have to guard against that abuse. If the denatured alcohol were brought in free of duty every package containing it would have to be chemically tested to prove that it contained the necessary quantity of the denaturing agent. This, of course, would take a great deal of

time and be expensive. Therefore, we think it better not to allow the denatured alcohol to be brought in. But it may be wise to allow the grain alcohol to come in free of duty, to be treated in the establishments under the supervision of the Minister of Inland Revenue. In that way only, we believe, can abuse be avoided.

Mr. W. F. MACLEAN. Is wood alcohol admitted free?

Mr. FIELDING. It is made in Canada, and the making of it is a very considerable industry. There is a duty of \$2.40 a gallon on it, the same as on other alcohol. But, of course, if it is to be used as a denaturing agent for grain alcohol, it cannot pay a duty of \$2.40 a gallon. You cannot make cheap alcohol for fuel if the agent which is used has to pay so high a duty. We propose to put a duty of 20 cents a gallon on wood alcohol to be used for the purpose of denaturing, and for that purpose only, and then allow it to be imported, if not by the department alone, then only by the persons whom the department may license for that purpose. And, in case it may be found that the effect of this duty is to prevent our obtaining the desired end of securing cheap alcohol for fuel and similar purposes, we take power to abolish the duty by order in council. I am advised that under the present system only ten per cent of wood alcohol is used in denaturing ethyl alcohol. With a duty of 20 cents a gallon on the denaturing agent, the denatured alcohol would be subject to a duty of about 2 cents a gallon. The subject is one of very deep interest to people throughout the whole country. There have been erroneous impressions as to the action of the United States on the question and as to the present position of Canada with relation to it. We have, rightly or wrongly, taken a monopoly of it. We are willing that the Minister of Inland Revenue should carry on his experiments to bring it to a lower figure. If he does not succeed he will have to license people to manufacture the denatured alcohol, and for that purpose they will be allowed to bring in foreign alcohol—and for that purpose only—free of duty.

THE GERMAN SURTAX.

I am reminded by the Minister of Customs (Mr. Paterson) of a point which may require some further explanation. I have referred to the German surtax, but perhaps I should make a further statement as to how we stand on that question. I have pointed out that we do not propose to extend the benefit

of the intermediate tariff to any country at the present time. Germany will stand exactly as she stands now in her relations with Canada. At present, her products are subject to the duties of the general tariff. They will continue to be subject to the duties of the general tariff. But, as no other country will receive the benefit of the new intermediate tariff at present, Germany will not be at any disadvantage in that respect. But then German products are subject to the duties of the surtax and they will continue to be subject to those duties under this legislation. I fancy, for the reasons that I have already explained, that we can hardly hope to have the opportunity, at an early day, to extend to Germany the benefit of the intermediate tariff. These things take time. But there is no reason why we should not come to a better understanding with regard to the surtax. I have had conversations with certain gentlemen connected with German trade, which lead me to hope for a settlement in that respect. The discrimination against Canada and the resulting surtax imposed by Canada were the result, I hope, of a misunderstanding. I am inclined to think that our German friends did not understand the spirit of Canada's action, and when they took the step they did, we had to reply, and so the misunderstanding continued. As I say, I am encouraged to believe that we may come to an understanding whereby the surtax may be removed. If arrangements can be entered upon with a view to the removal of the surtax and the removal of the burdens under which Canada's trade with Germany lies, we shall approach the matter in the best spirit and with the hope that the desired result may be obtained.

THE IRON AND STEEL BOUNTIES.

Now, I desire to say a word with regard to the iron and steel bounties. In 1897, we regarded it as important, and we regard it as important now, that the cost of iron and steel to the consumer in Canada should not be too high, because iron and steel at moderate cost are the foundation of an immense variety of industrial enterprises. Therefore, in 1897, we thought it our duty to cut down the customs duties on iron and steel, and, if necessary, that we should aid the industry by a system of bounties. In 1897 the bounties established were as follows: On iron from native ore, \$3 per ton; upon foreign ore, \$2 per ton; upon steel, \$3 per ton. These bounties were fixed on a sliding scale and gradually diminished. Last year they were 55 per cent of the original amount. This year since the 1st of

July, they stand at 35 per cent of the original amount. We are inclined to think, from the best information we have, that it will be necessary for us to encourage this industry for a short period farther by a system of bounties.

Mr. R. L. BORDEN. When will they expire?

Mr. FIELDING. On July 1 next, under existing legislation. We propose to begin with the first day of January, 1907, and go back a step, and revert to the rate of last year. We do not go back to the original bounties of \$2 and \$3, but we go back one step on the sliding scale. Whereas last year it was 55 per cent and this year 35, we take as our starting point now 55 per cent of the original amount. Beginning on January 1, we propose to take the bounties of a year ago as a starting point, and so to arrange them that they will run out at the end of four years from January 1 next. As we have six months to run yet, that means an extension period of three years and a half, four years from January 1, but one-half year is provided under the existing law. We adopt to some extent a sliding scale, but we do not change the rate every year. We apply the following rates: On pig iron manufactured from foreign ore, for the year 1907—this means the calendar year—\$1.10 per ton; for 1908, \$1.10; for 1909, 70 cents; for 1910, 40 cents. It will be observed that we take two years at \$1.10, the rate last year; we reduce it next year to 70 cents and the following year to 40—this is on iron manufactured from foreign ore. On steel ingots, we propose, in 1907, \$1.65; in 1908, \$1.65; in 1909, \$1.05; in 1910, 60 cents. Puddled iron bars are treated in the same way as steel ingots, but as they are not made in any considerable quantity they are not of any practical importance.

Now I have not made any mention yet of iron made from native ore. I have reserved that for special reference for this reason: Bounties were originally established at \$3 on iron from native ore, and \$2 on iron from foreign ore. There was a clear advantage of \$1 in favour of native ore. That was a considerable advantage, and if continued would probably have been useful in the development of our Canadian ores. Hon. gentlemen will see that as the sliding scale came into operation that difference in favour of the native ore was diminished. To-day the bounty on iron from Canadian ore is 35 per cent of \$3, that is equal to \$1.05 per ton. The bounty on iron from foreign ore is 35 per cent of \$2, which is 70 cents per ton. The difference to-day is 35 cents per ton. This difference is

not sufficient to encourage native industry. Those interested have represented that if we could keep up that difference of \$1 there would be some inducement, some larger prospect of the development of native ores. We are impressed with this argument because, while we wish to encourage the iron industry generally, we particularly want to encourage iron made from native ore in order to encourage the development of the ores of Canada. We, therefore, make a special scale of rates for iron from native ore, the object of which is to show a more decided difference in favour of native ore than would be shown by adopting the old sliding scale. We propose that the rates of bounty during these four year periods should be as follows: For the year 1907 the bounty on iron from native ore will be \$2.10, and on foreign ore \$1.10—the full dollar of difference occurs there. For the next year we keep the figures the same, \$2.10 for native ore and \$1.10 for foreign ore—the difference of a dollar still maintained. For the third year the bounty on iron from native ore will be \$1.70, whereas on iron from foreign ore it is reduced to 70 cents; there is a reduction, but we still keep the difference of \$1. Then for the fourth year we reduce the bounty on the native ore to 90 cents and the bounty on the foreign ore to 40 cents; making a difference of 50 cents between the two. It will be seen that under this scale there are three years during which native ore will have the advantage of the full dollar, and then in the fourth year the difference will be 50 cents, which will be more than it is to-day.

Mr. R. L. BORDEN. Beginning in each case with January 1 next?

Mr. FIELDING. Yes. Existing bounties remain as they are until then. They are very small, 35 per cent of the original figures. We put these figures in for the purpose of giving more encouragement than at present to the Canadian ore. It has been suggested in some cases that we should put the bounty upon ore instead of upon the product of the smelter. There are, however, some difficulties in doing that, and unless the ore is produced by a smelter and used, it will be no good to the miner. But we think this will help the miner and work out the same end.

We propose that these bounties should not apply to articles exported. There are rumours—hon. gentlemen may have seen them from time to time—that the great steel trust of the United States may come into Canada to do business. If it

comes into Canada to do business in the ordinary way, well and good; but if it comes here to make up iron and steel for export, it might add largely to our burden. We think it is well to have it understood that we are giving these bounties for the encouragement of iron and steel for consumption in Canada, and if any parties undertook to export these articles they should not be entitled to the bounty upon it. Then there are bounties at present on angles, plates and wire rods. With respect to angles and plates, there is a bounty of \$3 and a duty of 10 per cent. We have decided to abolish the bounty and allow these articles to fall, as a rule, into their class at \$7 per ton, subject to the preferential reduction. The bounty is at present \$3 and the duty 10 per cent; we strike out the bounty, and put them in with the usual tariff.

Mr. R. L. BORDEN. What is the result of the change?

Mr. FIELDING. The result of the change is to give them about the same degree of protection, but to get rid of the bounties. The articles are now made in Canada to a considerable extent. We would be glad to do the same thing, if we could find it convenient, in relation to the bounty on wire rods. The difficulty there, however, is that wire rods are not finished articles. They are used by manufacturers of other lines of goods, and if we impose a considerable duty on wire rods we will have to change the duties on the articles which are made from iron rods. We do not wish at present to disturb that class of duties, so we continue the bounties we have at present. The other bounties are for fixed periods. The bounty on wire rods was not for any fixed period, and it is like a tariff item which may be changed from time to time.

THE BOUNTIES HAVE AIDED DEVELOPMENT.

This bounty question is one of widespread interest. In some quarters strong objections have been taken to bounties. Criticisms are of a varied character. Some gentlemen object to bounties because they are a protection, others because they think bounties are something which impose tremendous burdens upon the country for which the country receives no advantage. I think that is too strong a statement of the case. I think those who condemn bounties generally do not stop to consider what would happen if we did not adopt this system. If we did not adopt the bounty system, then unquestionably we should be obliged largely to increase the

duties on iron, or to allow industries of a considerable character probably to close up, and we do not think that is desirable. These industries are of great importance to the country, and we do not think hon. gentlemen on either side of the House have any desire to close them up. Those who think that these bounties could be dispensed with have not perhaps given the matter as careful a consideration as they might. These bounties have not been fruitless of good. They have accomplished a great deal in the development of the interests of the country. They have built up great establishments, they have given employment to thousands of men.

Very much has been done in that way. Then there is another view which is perhaps lost sight of. If you turn to the Customs returns of ports connected with the iron industry, take Sault Ste. Marie, Midland, New Glasgow, Sydney, North Sydney, take all the various points where the Customs Department comes in touch with these iron industries and you will discover that during the period of these iron bounties there has been an enormous development of trade at these ports, the greater part of which, it is not too much to say, is directly due to the development of these industries, and if you make a comparison between the Customs revenues of these ports a few years ago and the Customs revenues as they have been under the influence of this bounty, I think I shall be justified in saying that you will find that the increased collection of revenue at these ports is fully equal to every dollar that the government have paid by way of bounties, and so any impression that may exist in the minds of any hon. gentlemen that the bounties are not in any way returning anything to the country is certainly a mistake. I know the question is one about which there may be very much difference of opinion, but it is only fair that I should present that view.

DETAILS OF SOME ITEMS IN THE TARIFF.

It would be a mistake if I should detain the House very much longer. I have felt, however, that I ought to give some information as to the details of this tariff. It will be utterly impossible for me to go through the whole tariff. I remember that in introducing the tariff of 1897, I undertook to read all the items; my cruel friend from North Toronto (Mr. Foster) insisted that I must do it. If it were difficult to do it then it would be trebly difficult now because I have three columns instead of one and so it would be a physical impossibility, and I

am sure you would not wish me to impose on you by any attempt to go through to any extent the details of the tariff, but I think you would desire to have some illustration of the way in which the question has been treated and therefore I propose to give you some of the items, if by so doing I shall not weary you too much.

Mr. BERGERON. Will it all appear in 'Hansard'?

Mr. FIELDING. Only what I read will appear in 'Hansard.' The whole statement is too full.

METALS.

In the class of metals, the rates on lead manufactures, including lead pipe, lead shot and lead bullets have been reduced as follows:—

New tariff rates British preference, 20 per cent; intermediate $27\frac{1}{2}$ per cent; general, 30 per cent.

Old tariff rates, British preference, $23\frac{1}{2}$ per cent; general, 35 per cent.

The preferential rate on lead in bars and sheets has been reduced from $16\frac{2}{3}$ per cent to 15 per cent.

In item 384 of the new tariff, formerly item 234 of the old tariff, an effort is made to divert trade to Great Britain and at the same time to cheapen the cost to the consumer. This item reads:

Rolled iron or steel sheets number fourteen gauge and thinner, n.o.p.; Canada plates; Russia iron; flat galvanized iron or steel sheets; terne plate and rolled sheets of iron or steel, coated with zinc, spelter or other metal, of all widths or thicknesses, n.o.p.; and rolled iron or steel hoop, band scroll or strip, No. 14 gauge, and thinner, galvanized or coated with other metal or not, n.o.p.

That is a large item, quite a number of items grouped together.

The rates were formerly: general, 5 per cent; preferential, $3\frac{1}{3}$ per cent.

The new rates are: British preferential, free; intermediate, 5 per cent; general, $7\frac{1}{2}$ per cent.

The articles are made free from Great Britain, and dutiable from other countries.

Mr. E. D. SMITH. Does that include tin plate?

Mr. FIELDING. No, tin plate is free under all tariffs, free everywhere. In the interest of manufacturers and consumers, the item has been enlarged by increasing the gauge of iron and steel sheets from 17 to 14 gauge, and the gauge of hoop, band, scroll and strip from 18 to 14 gauge.

The preferential rate on japanned ware, tinware and all manufactures of tin; also on manufactures of zinc and manufactures of aluminum is reduced from $16\frac{2}{3}$ per cent to 15 per cent. The general tariff rate of 25 per cent on these articles is continued.

I come now to the item of brass. Here is a case where there is an increase. Brass in bars and rods, in coil or otherwise, not less than 6 feet in length and brass in strips, sheets or plates, not polished, planished, or coated nickel, nickel silver and German silver, in bars and rods, in coil or otherwise, not less than 6 feet in length, and also in strips, sheets or plates.

These were formerly free, but they are now made in Canada in substantial quantities and we propose to put on duties as follows:

British preference, 5 per cent; intermediate, $7\frac{1}{2}$ per cent; general, 10 per cent.

Brass and copper wire, which were formerly rated at different rates, as follows:

Brass: British preferential, $6\frac{2}{3}$ per cent; general tariff, 10 per cent.

Copper: British preference, 10 per cent; general, 15 per cent; are made dutiable at the following uniform rates: British preference, $7\frac{1}{2}$ per cent; intermediate, 10 per cent; general, $12\frac{1}{2}$ per cent.

Aluminum tubing, in lengths of not less than 6 feet, not polished, bent, or otherwise manufactured, is added to the free list. On Britannia metal, nickel silver, Nevada and German silver, manufactures of, not plated, n.o.p. the general tariff is increased from 25 per cent to 30 per cent and the preferential tariff from $16\frac{2}{3}$ per cent to $17\frac{1}{2}$ per cent. That is a case where the duty is in the shape of an increase but it will be observed that the ratio of preference to Great Britain is greater than it was before.

Sterling and other silverware, nickel-plated or electroplated ware, and manufactures of gold and silver are increased, under the general tariff, from 30 per cent to 35 per cent, and under preference, from 20 per cent to $22\frac{1}{2}$ per cent.

These are articles more or less of luxury and we thought they could properly bear a higher rate.

On pig iron the preferential rate is reduced from \$1.66 $\frac{2}{3}$ to \$1.50, and the general tariff remains at \$2.50; intermediate rate, \$2.25.

Here is another iron item:

Rolled iron or steel angles, tees, beams, channels, girders and other rolled shapes or sections, not punched; drilled or further manufactured than rolled, n.o.p.

The new tariff rates on these items will be: British preferential, \$4.25 per ton; intermediate, \$6 per ton; general, \$7 per ton.

Mr. FOSTER. What were the old rates?

Mr. FIELDING. They were \$7 per ton general, and \$4.66 $\frac{2}{3}$ per ton preferential when weighing less than thirty-five pounds per lineal yard.

It will be observed that this makes a difference in favour of Great Britain.

A special item No. 379, at low rates: British preferential, 5 per cent; intermediate, 10 per cent; general, 10 per cent, has been provided, covering beams, channels, and angle bars, weighing not less than forty pounds per lineal yard, for the manufacture of bridges. Formerly such beams, channels and angle bars were dutiable as follows:—

If less than thirty-five pounds, \$7 per ton. If over thirty-five pounds, 10 per cent.

It will be observed that the preference in favour of Great Britain is made greater than one-third.

Bar iron or steel, rolled, whether in coils, rods, bars or bundles, comprising rounds, ovals and squares, and flats; steel billets, n.o.p.; and rolled iron or steel hoop, band, scroll or strip, twelve inches or less width, number 13 gauge and thicker.

New tariff, British preferential,
\$6 a ton; general, \$7 a ton.

Old tariff, item 229, British preferential, \$4.66 $\frac{2}{3}$ a ton; general, \$7 a ton.

It will be observed that here again the ratio of preference is increased by reducing the British rate.

Under the old tariff, item 230, universal mill plates, without qualification as to size, were rated at 10 per cent for manufacturers of bridges. It is now specified that the size shall be over

12 inches wide. The general rate is maintained and the preferential rate is reduced from $6\frac{2}{3}$ per cent to 5 per cent.

Rolled iron or steel, bars, bands, hoop, scroll or strip, sheet or plate, of any size, thickness or width, galvanized or coated with any material or not, and cast steel, when of greater value than three and a half cents per pound, n.o.p.:

New tariff rates, British preference, free; intermediate, 5 per cent; general, 5 per cent. Old tariff, item 236. British preference, $3\frac{1}{3}$ per cent; general, 5 per cent.

That is one case where we impose a small duty on the foreign article and make it free if it comes from Great Britain.

Boiler tubes were formerly dutiable at 5 per cent general and $3\frac{1}{3}$ per cent preference. They are made free from Great Britain and 5 per cent general tariff rate as against foreign countries is continued.

Galvanized iron or steel wire, 9, 12 and 13 gauge, formerly on free list is now made a dutiable at 5 per cent under the general and intermediate tariffs and free from Great Britain. This is an item of very considerable importance, as over a million dollars' worth was imported last year, mostly from the United States.

The rates on stereotypes, electrotypes and celluloids, not for advertising purposes, are reduced from quarter of a cent per square inch to one-eighth of a cent per square inch, and matrices and copper shells, not for advertising, are treated in the same way—Such matrices and copper shells now made dutiable at one-eighth of a cent per square inch were formerly dutiable at $1\frac{1}{2}$ cents per square inch.

Type casting and type setting machines, adapted for use in printing offices; and typewriters, will be dutiable as follows: general tariff 20 per cent; intermediate tariff $17\frac{1}{2}$ per cent. British preference $12\frac{1}{2}$ per cent. This is a new item intended to cover linotype machines which are now made in Canada in sufficient quantities to meet the demand. They were formerly dutiable at 10 per cent as 'printing machines' or type making accessories under the old tariff. Typewriters were dutiable under the old tariff at 25 per cent and we are now reducing them to 20 per cent.

Mowing machines, harvesters, self-binding or without binders, binding attachments, reapers, the old tariff rate on those was 20 per cent and $13\frac{1}{3}$ per cent under the preference. Of course we have to put the preferential rates opposite all these items

but there are very many of these goods that cannot come from Great Britain at all. We quite realize that, but we have to fill in the rates in order to make the tariff symmetrical. The old tariff on these articles as I say was 20 per cent and we propose to reduce it to $17\frac{1}{2}$ per cent. We give the manufacturer some compensation in the way of a drawback on some portions of the iron and steel which he will use. The manufacturers are compensated by a drawback of 95 per cent of duty they may pay on pig iron, rolled iron, and rolled steel entering into such machines sold for home consumption in Canada.

Windmills—this is an important item to the House of Commons—windmills have been reduced from 25 to 20 per cent.

Threshing machine outfit, when consisting of traction or portable engine and separator; under the old tariff these articles were dutiable at 25 per cent and we propose to make them 20 per cent. In the case of threshing machines the difficulty has not been so much the duty as the valuation. There has been a difficulty in establishing a proper valuation for that article because it is not sold to the wholesale trade; it passes from the manufacturer through the hands of agents to the consumer. The department has been allowing 40 per cent reduction on the cost price but the department is rearranging that and increasing the valuation, so that unless there was a reduction in the duty the cost of the article would be increased. That was not desirable because it is a very important item in the Northwest so that the change in the valuation will not operate to the disadvantage of the buyer.

Mr. COCKSHUTT. Are ploughs included with mowers?

Mr. FIELDING. Not in this item; I have not come to the ploughs yet. Axes, scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes; rakes, n.o.p., and pronged forks; these are all farming implements; the old duty was 25 per cent and we propose a reduction to $22\frac{1}{2}$ per cent. Under the old tariff if they were imported from Great Britain the duty was $16\frac{2}{3}$ per cent but the new preferential rate will be 15 per cent.

The old general tariff of 25 per cent is continued on the following agricultural implements: hayloaders, potato-diggers, horse-powers, separators, n.o.p., windstackers, fodder or feed cutters, grain crushers, farming mills, hay tedders, farm, road or field rollers, post hole diggers, snaths and other agricultural implements, n.o.p.

Shovels and spades, iron or steel, n.o.p.; shovel and spade blanks, and iron or steel cut shape for the same and lawn mowers; on these the old rate of duty was 35 per cent and in the new general tariff we propose to reduce it to $32\frac{1}{2}$ per cent. The old rate from Great Britain was $23\frac{1}{3}$ per cent and we propose to reduce it to 20 per cent.

Telephone and telegraph instruments, electric and galvanic batteries, electric motors, dynamos, generators, sockets, insulators of all kinds; electric apparatus, n.o.p.; boilers, n.o.p.; and all machinery composed wholly or in part of iron or steel, n.o.p.; and integral parts of all machinery specified in this item; in the case of these articles there is an increase in the general rate and a reduction in the preference. The old general rate was 25 per cent and the new general rate is $27\frac{1}{2}$ per cent. The old preferential rate was $16\frac{2}{3}$ per cent and the new preferential rate is 15 per cent. The clause 'all machinery, n.o.p.' practically covers all machinery except agricultural and except certain special machinery provided for on the free list or at lower rates. It will be observed that the ratio of preference here has been substantially increased.

Mr. GALLIHER. Does that include mining machinery?

Mr. FIELDING. Changes have been made in the mining machinery items in the free list. There are a number of articles which are now made in Canada and which are transferred from the free list. The following articles under the head of mining machinery are dropped from the free list and will become dutiable as 'machinery' or as 'manufactures of iron or steel' as the case may be: Coal washing machinery, coke-making machinery, charcoal making machinery, ore drying machinery, ore-roasting machinery, ball and rock emery grinding machinery, jigs, classifiers, separators, blast furnace water jackets, monitors and giants. All of these articles are now being made in Canada, and we drop them from the free list.

The following have been added to the free list and free of duty: Parts of miner's safety lamps and accessories for cleaning, filling and testing such lamps; blast furnaces for the smelting of copper and nickel; integral parts of all machinery specified in the item; the diameter of the tubing covered by the item has been increased from $2\frac{1}{2}$ to 4 inches.

MATERIALS FOR MANUFACTURE OF AUTOMATIC GAS BEACONS AND
BUOYS.

Now, here is one of the few cases where we make an exception as to the importation of articles for the use of the government or of other governments.

The following articles and materials when imported by manufacturers of automatic gas beacons and automatic gas buoys, for use in the manufacture of such buoys and beacons for the government of Canada or for export, under regulations prescribed by the Minister of Customs, namely: Iron or steel tubes over 16 inches in diameter; flanged and dished steel heads made from boiler plate, over five feet in diameter; hardened steel balls not less than three inches in diameter; acetylene gas lanterns and parts thereof; these things are made free of duty for this purpose. They could now be imported free by the government but we are abolishing the general item while we preserve this for two reasons. It is not only for our government but for export. These are articles which are made for governments and for governments only. They are made by an extensive establishment in Ottawa, an establishment which we have reason to believe will grow very largely. It may be said that they do not need these articles free, that if it is for the export trade they could get a drawback. But this is a business which would have to be carried on on a very large scale and it is represented to us that if they had to pay their duties they would have such a vast amount of material in stock at the one time that they would have to deposit with the government several hundred thousand dollars and keep it there all the time, the articles being very costly and taking a long time to produce, and the operations of the company being on a very large scale. If there were any danger of difficulties arising from this we would not make these articles free, but if these articles are to be made for our government or for foreign governments, and if there is proper supervision we see no reason why they should not be allowed to import the articles free rather than have them pay the duties and then get a refund. There is every indication that this is going to be a very large industry indeed and one that the whole country is interested in. It is claimed that on existing contracts the company will spend no less than \$800,000 for labour in Canada in the next two years.

METALS CONTINUED.

Blast furnace slag trucks, of a class or kind not made in Canada are placed on the free list.

Surgical operating tables, for use in hospitals are made free.

Machinery for the manufacture of twine, cordage, rope, linen, or for the preparation of flax fibre is made free.

A special rate of 10 per cent in all three tariffs is provided for machinery of a class or kind not made in Canada specially adapted for carding, spinning, weaving or knitting purposes.

Well-drilling machinery for boring and drilling for water is made free, whether made in Canada or not. It was formerly free but the free admission was confined to such machinery as was not made in Canada. We think that boring for water is a matter of much importance to the country and so we make the machinery free altogether.

Steel balls, which were formerly rated at 30 per cent and which are used on bearings of machinery and vehicles, are now rated:—

British preference, free; intermediate, $7\frac{1}{2}$ per cent; general, 10 per cent.

GLUCOSE AND SYRUPS.

The duties on glucose and syrups are reduced thus:—

New tariff, British preference, 35c. per 100 lbs.; intermediate, 45c. per 100 lbs.; general, 50c. per 100 lbs.

In the old tariff the rates were: British preference, 50c. per 100 lbs.; general tariff, 75c. per 100 lbs.

The specific rate of $\frac{1}{2}$ c. a lb. on 'confectionery' is dropped, and the ad valorem rate of 35 general is continued. The ad valorem rate under the preference is reduced from $23\frac{1}{2}$ per cent to $22\frac{1}{2}$ per cent.

COTTON FABRICS.

The rates on cotton fabrics have not been changed to any appreciable extent. They are:—

	<i>B. Pref.</i>	<i>Inter.</i>	<i>Gen.</i>
	<i>p.c.</i>	<i>p.c.</i>	<i>p.c.</i>
Gray cotton, unbleached, n.o.p....	15	$22\frac{1}{2}$	25
White cotton, bleached, n.o.p....	$17\frac{1}{2}$	$22\frac{1}{2}$	25
Printed, dyed or coloured, n.o.p....	25	30	$32\frac{1}{2}$

This is a reduction of $1\frac{1}{2}$ per cent (from $16\frac{2}{3}$ per cent to 15 per cent) under the preferential tariff on gray cottons, unbleached; an increase from $16\frac{2}{3}$ per cent to $17\frac{1}{2}$ per cent under the preference on white fabrics; a decrease of $2\frac{1}{2}$ per cent under the general and an increase of $1\frac{1}{2}$ per cent under the preferential on printed, dyed or coloured fabrics, n.o.p.

These rates are also made applicable to similar fabrics of linen. For departmental reasons it is considered advisable to

have common rates on cotton and linen fabrics as these articles are so interwoven that it is impossible to distinguish between them or to state which is the component part of chief value. All such linen fabrics were formerly dutiable at 25 per cent under the general tariff and 16 $\frac{2}{3}$ under the preferential tariff.

White cotton embroideries which were rated at 25 per cent, and valenciennes, torchon and white cotton lace, which were dutiable at 35 per cent, are grouped in one item and the following low rates imposed thereon: British preference, 12 $\frac{1}{2}$ per cent; intermediate, 17 $\frac{1}{2}$ per cent; general, 20 per cent. This is in the interest of the white-wear manufacturers.

I can imagine some one saying that these laces are articles of luxury which should be taxed heavily, but on second thoughts hon. gentlemen will see that these laces and embroideries are largely used in making up white-wear goods. The work of the seamstress is a very large industry in Canada, and the effect of giving this reduction will be to have a greater proportion of these fabrics made in Canada and to give work to seamstresses.

Mr. BERGERON. They are not made in Canada?

Mr. FIELDING. Practically not at all.

BINDER TWINE.

Under the old tariff all articles entering into the cost of binder twine were entitled to free entry, but as cordage and binder twine can be, and are, made in the same factories, there is a possibility that the item may be abused. It has, therefore, been provided that the right to free entry of such articles at the time of importation is confined to manufacturers who manufacture binder twine alone. The manufacturers who make cordage as well as binder twine will get a drawback of the duty paid on articles entering into the cost of binder twine, such drawback to be paid upon due proof that the articles have entered into the cost of making binder twine only.

Mr. FOSTER. A full drawback?

Mr. FIELDING. The drawback is 95 per cent in all of these cases.

WOOLLEN GOODS.

The following changes have been made as respects the duties on woollen goods:—

A new item has been created for flannels, plain not fancy, Italian linings of wool, Cobourgs, lustres and mohair and alpaca fabrics, the rates for which are fixed at: British prefer-

ence, $22\frac{1}{2}$ per cent; intermediate, 30 per cent; general, 35 per cent.

The preferential rate on such flannels was formerly $23\frac{1}{3}$ per cent. There is no change in the general tariff rate.

Flannels, other than those specified, will be dutiable as follows:—

British preference, 30 per cent; intermediate, 35 per cent; general, 35 per cent.

The other articles, except flannels, mentioned in this item—which are of a class not made in Canada—were rated at 30 per cent preferential, and they are now reduced to $22\frac{1}{2}$ per cent. This is in the interest of tailors and manufacturers of clothing and, of course, consumers also.

Blankets, if of pure wool, will hereafter pay the following rates: British preference, $22\frac{1}{2}$ per cent; intermediate, 30 per cent; general, 35 per cent.

Under the old tariff all blankets were 35 per cent under the general tariff and $23\frac{1}{3}$ per cent under the preferential tariff. In future, blankets, other than pure wool, will pay 30 per cent preferential and 35 per cent general. The old rates, general 35 per cent and preferential 30 per cent, are continued on all other fabrics of wool and on clothing.

On knitted goods, of any material, the preferential rate is reduced from $23\frac{1}{3}$ per cent to $22\frac{1}{2}$ per cent. No change is made in the general rate. The intermediate rate is 30 per cent.

RATES ON VARIOUS CLASSES OF GOODS.

The preferential rate on all carpets is increased from $23\frac{1}{3}$ per cent to 25 per cent. No change is made in the general rate.

A very important change has been made in connection with the item of books. Under the old tariff free entry was allowed of books not printed or reprinted in Canada, which were included and used as text books in the curriculum of any university, incorporated college or normal school in Canada.

The new item is extended so as to provide that books not printed or reprinted in Canada shall be allowed free entry if they are included and used as text books in any university, college or school in Canada. This means that books that are not produced in Canada for ordinary schools, which were formerly dutiable, are made entirely free.

The general tariff rate on paper sacks or bags, printed or not, has been increased from 25 per cent to $27\frac{1}{2}$ per cent. The preferential rate, which was formerly $16\frac{2}{3}$ per cent, has been reduced

to 15 per cent. It will be observed that the ratio of preference in favour of Great Britain has been substantially increased.

In the interest of boot and shoe manufacturers the duty on boot and shoe patterns manufactured of paper, which was 25 per cent under the general tariff and $23\frac{1}{3}$ per cent under the preferential tariff, has been reduced as follows: British preference, 10 per cent; intermediate, $12\frac{1}{2}$ per cent; general, 15 per cent.

Under the old tariff tubes and cones of paper, to be used in winding yarns in cotton mills, were free of duty. They are continued free, but the item is extended so as to allow free entry of such tubes and cones for woollen mills and other textile industries that may use them.

Matrix paper adapted for use in printing, which was formerly dutiable at 25 per cent, is made entirely free.

The general tariff on perfumery has been increased from 30 to 35 per cent and the British preference from 20 per cent to 25 per cent. The intermediate rate is fixed at $32\frac{1}{2}$ per cent. That is an article of luxury which we thought should be charged a higher tariff.

Celluloid, xylonite or xyolite, in the rough, which were formerly free, have been made dutiable at 5 per cent under the general and intermediate tariff, and continued free when from Great Britain. That is one of the cases in which we put a duty on the foreign article and kept the article free from Great Britain.

Linseed oil, we have changed the duty from ad valorem to specific. It was explained, not merely by makers of the oil but by importers, that it is an article which varies very much in price, and it is almost impossible to do the business successfully under an ad valorem duty. The specific duty amounts probably to about the same. The general rate per hundred pounds is \$1.20, the intermediate rate is \$1.10, and the British preference rate 80 cents.

Gasoline or naphtha, which was dutiable at $2\frac{1}{2}$ cents per gallon, is made free of duty. This will be of great benefit to fishermen and farmers who use gasoline as motive power.

On marble and granite, dressed and manufactures thereof, the preferential tariff has been increased from $23\frac{1}{3}$ per cent to 30 per cent. The general tariff rate is continued at 35 per cent.

Mr. W. F. MACLEAN. What is the difference?

Mr. FIELDING. The difference is not so large as it was. The rates on common and colourless window glass were made very low by the change several years ago and they remain practically the same. They are continued at $7\frac{1}{2}$ per cent under the preferential tariff and 15 per cent under the general tariff. The intermediate rate is fixed at $12\frac{1}{2}$ per cent.

With regard to the agricultural schedule, there is sometimes a difference of opinion among farmers as to the value of these duties on farm products and animals and their products. The farmer, as a rule, is a low-tariff man; but if you ask him whether he wants the duties on agricultural products abolished, he is apt to be a little careful. Some will say yes and others no. Others will say: Take the duties off agricultural products if you take them off everything else. Well, whenever we have made changes in the schedule of agricultural duties, as a rule they are in the direction of a little increase. We do not want the farmer to say that the changes made are to the disadvantage of the things he himself produces. In fact some farmers are strong advocates of high duties, although the general tendency is the other way. Therefore we have not made many changes, and any we have made are in the way of an increase to some extent.

Mr. W. F. MACLEAN. What about the articles on which there is also an excise duty? Are there any changes there?

Mr. FIELDING. I am not proposing to deal to-day with the excise law at all but I am confining myself to the custom tariff. One matter to which attention has been drawn in connection with the excise duty is the duty on tobacco, and that has not to do so much with the increase or decrease of the duty as with the method of collection. We have been asked to consider that question but have not been able to give it our attention so far. We intend however dealing with it later in the session. It is merely a question of a readjustment of the method of collection.

Mr. W. F. MACLEAN. On spirits, where there is a customs duty, is there any change?

Mr. FIELDING. None whatever. We make a change in the duties on rice, which is a substantial reduction. The old tariff rates were for cleaned rice \$1.25 per hundred pounds. We have reduced that to 75 cents per hundred pounds, and the intermediate rate is 65 cents. The British preference rate,

which under the old tariff was $83\frac{1}{2}$ cents per hundred pounds, we have reduced to 50 cents, and we make the paddy or uncleaned rice free. The reduction on the cleaned rice is very material. The duty collected last year was about \$170,000. The reduction on that item will be very considerable.

Mr. FOSTER. How does that affect the protection?

Mr. FIELDING. It is about the same. We take the duty off the raw material and make a proportionate reduction on the finished article.

Another article we propose to make free is oranges, lemons and limes. That may seem an article of slight consequence, but hon. gentlemen will be surprised when I tell them that the reduction in duty I estimate at \$190,000. The duty on rice will probably effect a reduction in the revenue, which I estimate at \$145,000. So that these two items alone represent a reduction in duties of about \$330,000.

The general changes made—a few of which I have given my hon. friend—will not I think affect the revenue much one way or another. Here a little increase; there a little reduction. On the whole I do not think there will be a material difference by reason of the changes in the tariff. But there are a few large items which will make a difference.

Mr. BERGERON. Any change in tobacco?

Mr. FIELDING. We are dealing entirely with the customs to-day. We have had our attention directed, not to the question of an increase or decrease in the duty on tobacco, but to a change in the method of collection which will bring about more satisfactory results without disadvantage to the consumer. But that question we can discuss at a later day.

THE SUGAR DUTIES.

I have shown that in the case of the two large items of oranges and lemons and rice, we will suffer a reduction of revenue to the extent of \$300,000 or \$340,000. While we do not want to increase taxation materially, we are not in such a position that we are anxious to lose revenue. The public business of the country is growing, public demands are growing and large obligations are falling due. We have to keep up our revenue. We are glad to find that the taxation in the past has not been burdensome while at the same time it has yielded a large revenue. There has been practically little outcry against it. We do not

want to increase it but we do not want to decrease the revenue. Consequently if we make changes which cause considerable loss to the revenue, we must try and make up the difference in some other direction. I would call attention to the slight change proposed in the sugar duty—not in the duties on refined sugar. The change in that would affect the consumer because the refined sugar is the article which the consumer uses.

There was a time when the coarse sugar from the West Indies was used by the consumer here. But that day has passed and gone, and, in the house of the poorest man in Canada, the sugar used, as a rule, is the refined sugar. We make no change in the duty on the refined sugar. But we propose a slight change in the duty on the raw sugar, and I desire to explain briefly the reason for that change. We think that the schedule of sugar duties we adopted a few years ago was eminently fair. In 1896, the duty on refined sugar was \$1.14, and on the raw, 50 cents per 100 pounds, a difference of 64 cents per hundred in favour of the refiners. We reduced the duty on refined to \$1, and left the duty on the raw 50 cents, so that the difference in favour of the refiner became 50 cents. It has been our idea, all through, to give the refiner about that much advantage. Of course, he has to take into account the loss in manufacture and the cost of manufacture. Later we changed the system of sugar duties, but in a way, as we believed, not to affect the rate of taxation. We adopted the polariscopic test, fixing a certain duty for a certain degree of saccharine strength, and increasing it with every degree of added strength. In doing so, as I have said, we tried to avoid any change, in the relative duties, trying to keep the proportion between the refined and the raw sugar at about the rate we had originally fixed, and we think that we succeeded. As the rates varied from degree to degree, there may not have been mathematical accuracy in every case, but we think that the change made was rather a matter of departmental convenience than of the relative rates of duty. Then came the preferential tariff, under which one-third was taken off the raw sugar brought in from the West Indies. There has been a great change in our importations of sugar. We no longer get our sugar from Germany, or from Java, or other countries outside the empire; our sugar comes almost wholly from the West Indies. The refiner is given the full benefit of the preference on the raw material. If he had suffered a corresponding disadvantage by way of competition in the refined sugar, of

course, he would have been no better off by the change. But there are conditions attaching to the sugar refining business which practically prevent the Canadian refiner from suffering this competition. We do not say that all refined sugar made in Great Britain shall come in under the preferential tariff. What we say is that we are giving the benefit of the preference to refined sugar made from British grown raw sugar. It happens that the refiners in England have not equipped themselves to meet that condition. They draw their raw material from all sources. If the raw material comes from other than a British country, the refined sugar made from it is not entitled to the benefit of the preference on entering Canada. The consequence is that, in practice, a very small quantity of British refined sugar comes in under the preference. Therefore, the Canadian refiner gets the benefit of the reduction on the raw material, but he suffers very little from the competition of the refined sugar from Great Britain. There has been a very considerable outcry against the sugar duties. In the course of the investigation by the tariff commission, we had strong representations made to us that the refiner was receiving an enormous protection. I frankly say that I could not follow the argument to that conclusion. But I think that, under the preference, the Canadian refiner gets more advantage than we intended to give him. One point that is made is that the raw sugar manufactured in Great Britain must be taken to England from, say, the West Indies, paying freight, and then has to be brought to Canada, paying freight again. This double freight of itself, is a considerable protection. As it works out, the refiner gets the full benefit of the preference and he suffers little competition from the British refined sugar. So, as I have said, we think that the operation of the preferential tariff, is to give him, perhaps, more than we intended, and a little more than he needs. And, in consideration of this, and in deference to the feeling that the sugar duties should be reconsidered, we propose to add a little to the duty on the raw material. We make an increase of $7\frac{1}{2}$ cents per hundred pounds on raw sugar when imported from a British country, which means 12 cents under the general tariff. We need consider only the $7\frac{1}{2}$ cents under the British preference, because the refiner gets practically all his raw sugar from the West Indies.

Mr. SAM. HUGHES. The British refiner?

Mr. FIELDING. No, the refiner in Canada.

Mr. SAM. HUGHES. Does the British refiner get his raw material from the West Indies particularly?

Mr. FIELDING. No, I said he got his raw material from all sources. Canada is largely the market for West India sugar now. By giving the West Indies the preference in that respect, we have made this the market for their raw sugar, which, in turn, encourages our West India trade.

Mr. R. L. BORDEN. I do not follow the argument as to the British refiner bringing his raw sugar from the West Indies and then having to reconvey it to Canada.

Mr. FIELDING. The argument advanced by those who think that the refiner has been getting too much advantage is that the British refiner had to bring his raw material from the West Indies or some other country, paying freight upon it, and then must pay freight upon the refined sugar to Canada. This was regarded as a considerable protection in itself to the Canadian refiner. The result is that, while an enormous quantity of raw sugar comes in under the preference, very little refined sugar comes in. While it is our desire to encourage the sugar refining industry, and while we wish to promote the importation of raw sugar from the West Indies, at the same time, we do not wish to give the Canadian refiner an undue advantage. And, as, under the preferential tariff, the Canadian refiner has been gaining rather more advantage than we intended to give, we make a slight change in the duty. This does not affect the consumer, because it does not touch the question of refined sugar. The increase is very slight, but, as sugar is an article of enormous consumption in Canada, we shall receive about \$300,000 of additional revenue from this source, which will be almost enough to balance the losses to which I have called attention.

CONCLUSION.

Now, Mr. Speaker, I do not intend to detain the House any longer. I desired merely to give these few illustrations, because I know that though the tariff schedules will be laid upon the table it will be impossible for any hon. gentleman to apprehend at once the effect of them, and I thought it would be convenient for hon. gentlemen to have these instances explained.

I do not suppose that we shall have succeeded in pleasing everybody. I am sure that we shall find, here and there, some particular interest which will think that it has not been treated

as it should have been. It is only natural for each man to think that his interest is the one of great importance. But I can say that we have approached the question with a sincere desire to be fair to all. Here and there, where an industry seemed to have too great advantage under the tariff, we have made a decrease. Here and there, where an industry seemed not to have been fairly considered we tried to give it a better chance, keeping always in view the idea that we should have a moderate and not an excessive tariff. I hope that we have accomplished these results. As I have said we approached the question with the single desire to do that which was best in the interest of the whole country. We want the manufacturer to prosper as well as others, but we must keep always in view the interest of the great mass of the people of Canada. Our hope is that the tariff which we now propose will be an instrument for the advancement and prosperity of the whole Dominion. We are confident that it will be found a good tariff for the manufacturers, while, at the same time, it is one that we may fairly ask the consumers to accept and one under which the country will go on and prosper even more than it has prospered during the last ten years. I will place on the table the resolutions and the tariff schedules. I may add that I am having prepared an index which will connect the present tariff with the tariff as it was last revised so that any hon. gentleman may compare any item as it is revised to-day with the corresponding item in the existing tariff. The whole thing has been revised and shaken up. When an hon. gentleman looks at the present tariff and desires to compare it with the old tariff, he will have an index which will enable him to trace the item in the existing tariff. I beg to move:

RESOLUTIONS.

1. Resolved,—That it is expedient to revise and consolidate the Acts and parts of Acts now in force respecting the duties of customs, and that for this purpose it is expedient to repeal the following Acts or parts thereof not heretofore repealed, viz.:

The Customs Tariff, 1897; being chapter sixteen of the statutes of 1897, chapter thirty-seven of the statutes of 1898, intituled an Act to amend the Customs Tariff, 1897; chapter fifteen of the statutes of 1900, intituled an Act to amend the Customs Tariff, 1897; chapter twenty-two of the statutes of 1901, intituled an Act to amend the Customs Tariff, 1897; chapter thirty-three of the statutes of 1902, intituled an Act to amend the Customs Tariff, 1897; chapter fifteen of the statutes of 1903, intituled an Act to amend the Customs Tariff, 1897; chapter eleven of the statutes of 1904, intituled an Act to amend the Customs Tariff, 1897; chapter eleven of the statutes of 1905, intituled an Act to amend the Customs Tariff, 1897; and

chapter nine of the statutes of 1906, intituled an Act to amend the Customs Tariff, 1897.

And to provide otherwise by enacting that the following be substituted in lieu thereof:

1. That unless the context otherwise requires—

(a) The initials 'M. ft.' represent and have the meaning of the words 'one thousand feet board measure';

(b) The initials 'n.o.p.' represent and have the meaning of the words 'not otherwise provided for';

(c) The expression 'gallon' means an imperial gallon;

(d) The expression 'ton' means two thousand pounds avoirdupois.

(e) The expressions 'proof,' 'proof spirit' or 'proof spirits,' when applied to wines or spirits of any kind, mean spirits of a strength equal to that of pure ethyl alcohol compounded with distilled water in such proportions that the resultant mixture shall at a temperature of sixty-two degrees Fahrenheit have a specific gravity of 0.9187 as compared with that of distilled water at the same temperature;

(f) The expression 'gauge' when applied to metal sheets or plates or to wire, means the thickness as determined by the imperial standard gauge;

(g) The expression 'in diameter,' when applied to tubing, means the actual inside diameter;

(h) The expression 'sheet,' when applied to metals, means a sheet or plate not exceeding three-sixteenths of an inch in thickness;

(i) The expression 'plate,' when applied to metals, means a plate or sheet more than three-sixteenths of an inch in thickness;

(j) The initials 'p.c.' in any one of the tariff columns in schedule A to these resolutions represent and have the meaning of the words 'per centum, ad valorem';

(k) The word 'free' in any one of the tariff columns in said schedule A means that the goods opposite which the word appears, and to which the tariff in said column applies, may be imported and taken out of the warehouse for consumption in Canada without duty;

(l) The expression 'iron' includes 'steel';

(m) The expression 'rolled iron' or 'rolled steel' means iron or steel hot rolled only.

2. That the expressions mentioned in section 2 of the Customs Act, as amended by section two of the Customs Amendment Act, 1888, whenever they occur herein or in any Act relating to the customs, unless the context otherwise requires, have the meaning assigned to them respectively by the said section two; and any power conferred upon the Governor in Council by the Customs Act to transfer dutiable goods to the list of goods which may be imported free of duty or to reduce the rates of duty on dutiable goods is not hereby abrogated or impaired.

3. That subject to the provisions of these resolutions and of the Customs Act, there shall be levied, collected and paid upon all goods enumerated, or referred to, as not enumerated in schedule A to these resolutions, the several rates of duties of customs, if any, set forth and described in the said schedule and set opposite to each item respectively or charged thereon as not enumerated, in the column of the tariff applicable to the goods, when such goods are im-

ported into Canada or taken out of warehouse for consumption therein, under the following conditions, viz:—

(1) That the rates of customs duties, if any, set forth in column 1 'British Preferential Tariff' shall apply to goods the produce or manufacture of the following British countries when imported direct from any British country—

(a) The United Kingdom;

(b) The British colony of Bermuda;

(c) The British colonies commonly called the British West Indies, including the following:—

The Bahamas;

Jamaica;

Turks and Caicos Islands;

The Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat, and the Virgin Islands);

The Windward Islands (Grenada, St. Vincent and St. Lucia); Barbados;

Trinidad and Tobago;

(d) British Guiana;

(e) British India;

(f) Ceylon;

(g) Straits Settlements.

(h) New Zealand;

(i) Cape of Good Hope;

(j) Natal;

(k) Orange River;

(l) Transvaal;

(m) Southern Rhodesia;

(n) Any other British colony or possession admitted to the benefit of the British Preferential Tariff in Canada, in the manner hereinafter provided.

(2) That the rates of customs duties, if any, set forth in column 2 'Intermediate Tariff' shall apply:—

(a) To goods the produce or manufacture of any British or foreign country to which the benefits of such intermediate tariff shall have been extended in the manner hereinafter provided, when imported direct from such foreign country or from a British country.

(3) That the rates of customs duties, if any, set forth in column 3 'General Tariff' shall apply to all goods not entitled to admission under the Intermediate Tariff or under the British Preferential Tariff aforesaid.

(4) That proof of origin, as prescribed by the Minister of Customs, shall be furnished with the bill of entry at the custom house for goods admitted to entry under any of the tariffs in schedule A; and that the decision of the Minister of Customs shall be final as to the tariff or surtax applicable in any case to imported goods by reason of their origin';

Provided, that goods for which entry is claimed under the intermediate tariff shall be bona fide the produce or manufacture of a country which has been admitted to the benefits of such intermediate tariff;

Provided further that every manufactured article to be admitted under the British preferential tariff shall be bona fide the manufacture of a British country entitled to the benefits of such British preferential tariff, and that a substantial portion of the value of the

manufactured article has been produced by labour in one or more of such countries.

(5) That the Governor in Council may make such regulations as are deemed necessary for carrying out the provisions of the several tariffs herein mentioned.

4. That the Governor in Council may by order in council—

(a) extend the benefit of the British preferential tariff to any British country not named in subsection 1 of section 3 of the foregoing resolutions, and from and after the publication of such order in council in the 'Canada Gazette' the British preferential tariff shall apply to goods the produce or manufacture of such British country, subject to the provisions of these resolutions;

(b) withdraw the benefit of the British preferential tariff from any British country (other than the United Kingdom) which has received the same, and from and after the publication of such order in the 'Canada Gazette,' the General Tariff or the Intermediate Tariff, as mentioned in the said order shall apply to goods the produce or manufacture of such British country, subject to the provisions of these resolutions;

(c) From time to time, in consideration of benefits satisfactory to the Governor in Council, extend the benefit of the Intermediate Tariff, in whole or in part, to any British or foreign country the produce or manufactures of which have previously been subject to the rate of customs duties set forth in the general tariff, and from and after the publication of such order in the 'Canada Gazette,' the rates of duty set forth in the Intermediate Tariff, so far as they are mentioned in the said order, shall apply to goods the produce or manufacture of such 'British or foreign country when imported direct from such foreign country or from a British country—subject to the provisions of these resolutions; and

(d) withdraw the benefit of the Intermediate Tariff from any country to which it has been extended, and from and after the publication of such order in the 'Canada Gazette,' the rates of customs duties set forth in the general tariff shall apply to goods the produce or manufacture of such country, subject to the provisions of these resolutions.

5. That in the case of articles exported to Canada of a class or kind made in Canada, if the export or actual selling price to an importer in Canada be less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Canada at the time of its exportation to Canada, there shall, in addition to the duties otherwise established, be levied, collected and paid on such article, on its importation into Canada, a special duty (or dumping duty) equal to the difference between the said selling price of the article for export and the said fair market value thereof for home consumption:

Provided, that the said special duty shall not exceed fifteen per cent ad valorem in any case;

Provided also, that the following goods shall be exempt from such special duty, viz.:—

(a) Goods whereon the duties otherwise established are equal to fifty per cent ad valorem;

(b) Goods of a class subject to excise duty in Canada;

(c) Sugar refined in the United Kingdom;

Provided further that excise duties shall be disregarded in estimating the market value of goods for the purposes of special duty when the goods are entitled to entry under the British Preferential Tariff.

(2) That the expression 'export price' or 'selling price' in this section shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada.

(3) That if at any time it appears to the satisfaction of the Governor in Council, on a report from the Minister of Customs, that the payment of the special duty by this section provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the Governor in Council may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

(4) That if the full amount of any special duty of customs is not paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the collector of customs.

(5) That the Minister of Customs may make such regulations as are deemed necessary for carrying out the provisions of this section and for the enforcement thereof.

(6) That such regulations may provide for the temporary exemption from special duty of any article or class of articles, when it is established to the satisfaction of the Minister of Customs that such articles are not made or sold in Canada in substantial quantities and offered for sale to all purchasers on equal terms.

(7) That such regulations may also provide for the exemption from special duty of any article when the difference between the fair market value and the selling price thereof to the importer as aforesaid amounts only to a small percentage of its fair market value.

6. That articles which are the produce or manufacture of any foreign country which treats imports from Canada less favourably than those from other countries may be subject to a surtax over and above the duties specified in the said schedule A, such surtax in every case to be one-third of the duty specified in the general tariff in the said schedule A:

That any question arising as to any foreign country or goods coming under the operations of the provisions in regard to the surtax shall be decided by the Minister of Customs, whose decision shall be final:

Provided, that the Governor in Council may make regulations for carrying out the purposes of this resolution in regard to such surtax, and may, by order in council, from time to time, suspend the surtax from application to the goods of any country.

7. That notwithstanding anything in these resolutions, fish and other products of the fisheries of Newfoundland may be imported into Canada free of customs duty until otherwise determined by the Governor in Council by order published in the 'Canada Gazette.'

8. That fish caught by fishermen in Canadian fishing vessels and the products thereof carried from the fisheries in such vessels, shall

be admitted into Canada free of duty under regulations be the Minister of Customs.

9. That on the materials set forth in schedule B to these resolutions, there may be paid out of the Consolidated Revenue Fund, the several rates of drawback of customs duties set opposite to each item respectively in such schedule, when used for consumption in Canada for the purpose specified in the schedule, under regulations by the Governor in Council.

10. That the importation into Canada of any goods enumerated, described or referred to in schedule C hereto is prohibited; and that any such goods imported shall thereby become forfeited to the Crown and shall be destroyed or otherwise dealt with as the Minister of Customs directs; and that any person importing any such prohibited goods, or causing or permitting them to be imported, shall for each offence incur a penalty not exceeding two hundred dollars.

11. That whenever from or as a result of proceedings in any court of justice, it appears to the satisfaction of the Governor in Council that with regard to any article of commerce there exists any conspiracy, combination, agreement or arrangement of any kind among manufacturers of such articles or dealers therein to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, the Governor in Council may admit the article free of duty, or so reduce the duty thereon as to give to the public the benefit of reasonable competition in the article, if it appears to the Governor in Council that such disadvantage to the consumer is facilitated by the duties of customs imposed on a like article.

(2) That whenever the Governor in Council deems it to be in the public interest to inquire into any conspiracy, combination, agreement or arrangement alleged to exist among manufacturers or dealers in any article of commerce to unduly promote the advantage of the manufacturers or dealers in such article at the expense of the consumers, the Governor in Council may commission or empower any judge of the Supreme Court, or Exchequer Court of Canada, or of any superior court in any province of Canada, to inquire in a summary way into and report to the Governor in Council whether such conspiracy, combination, agreement or arrangement exists.

(3) That the judge may compel the attendance of witnesses and examine them under oath, and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the Governor in Council for the purpose of such inquiry.

(4) That if the judge reports that such conspiracy, combination, agreement or arrangement exists in respect of such article, the Governor in Council may admit the article free of duty, or so reduce the duty thereon as to give to the public the benefit of reasonable competition in the article, if it appears to the Governor in Council that such disadvantage to the consumer is facilitated by the duties of customs imposed on a like article.

2. Resolved,—That it is expedient to repeal all order in council placing articles on the free list or reducing rates of duties, and all other orders in council and departmental regulations inconsistent with any of the provisions of these resolutions.

3. Resolved,—That it is expedient to provide that nothing contained in the foregoing provisions shall affect the French Treaty Act, 1894, or chapter three of fifty-eight-fifty-nine Victoria, being 'An Act respecting Commercial Treaties affecting Canada.'

4. Resolved,—That it is expedient to provide that the provisions of the foregoing resolutions shall be deemed to have come into operation on the 30th day of November, 1906.

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