

THE GERMAN SURTAX.

Mr. ARMSTRONG. Before the orders of the day are called, I would like to ask the hon. the Finance Minister a few questions with regard to the German arrangement which the hon. gentleman brought down last evening. Is what is called the German conventional tariff the lowest German tariff? Does the schedule that has been placed in our hands contain all the articles that are likely to go into Germany under that favoured clause and are we giving to Germany access to our markets for all German goods under our general tariff while the German people are only granting to us a portion of their most favourable tariff? Will the minister be good enough to bring down the letters and negotiations leading up to the present arrangement between this government and Germany?

Mr. FIELDING. There is no information to be brought down in addition to what has been placed before the House. Negotiations have taken place, almost entirely in the form of personal interviews between the representatives of the German government and the Minister of Finance. What little correspondence there is, is unimportant, but is necessarily of a confidential nature. There is, therefore, nothing more to be brought down. My hon. friend asks whether the articles mentioned are all the articles we might be able to send into Germany. That is a matter of opinion on which every hon. gentleman must form his own judgment. We think the list covers the things of most importance and which would be most valued by Canadian shippers. Whether or not every article on that list is of greater or less value than some other article would, I fancy, be a matter of some difference of opinion. At all events, we think the list comprises the things that are of most importance. The last question of my hon. friend whether we permit all German goods to come in under our general tariff while they only permit a limited list to enter Germany. That is correct, but it is worth remembering that we do not give to Germany favoured-nation treatment. We are not giving to Germany, under this arrangement, all that we were willing to give Germany at a previous stage of the discussion, we are refusing Germany the advantages of the French treaty. That is a matter that is left for further negotiations if it is found in the interests of Canada to have further negotiations. The arrangement is that we give up the surtax only; Germany in return for that gives us the benefit of her lowest tariff upon a specified list of articles which, in the judgment of the government, are the most important articles to the Canadian shipper.

Mr. OLIVER.

Mr. ARMSTRONG. Has the minister taken into consideration the fact that there are manufacturing interests in this country that have been built up under the surtax and that require perhaps some different treatment than this?

Mr. FIELDING. I do not think my hon. friend is quite correct in saying that any manufacturing interests have been built up in Canada relying on the surtax. The surtax was a war measure. Germany demanded that she should receive the same consideration in the markets of Canada as we gave to the products of Great Britain. That was the bone of contention. So long as Germany adhered to that view, we could make no arrangement with her. When Germany abandoned that contention, we felt we were free to negotiate with Germany. I am quite sure that any manufacturer in Canada who has given any attention to the question must have been aware that this surtax was, if I may so describe it, a commercial war measure, and that just so soon as Germany receded from what we regarded as her unjustifiable position of a few years ago, we should be free to remove the surtax, retaining as we now do the general tariff which was the basis on which, I think, all manufacturing establishments have been created in recent years.

Mr. LALOR. Has the minister considered, or will he consider, the question of the removal of the duties upon raw material that is used by manufacturers, who will be affected very materially by the removal of the German surtax? I speak from knowledge and experience, especially in connection with the knitting business, one of the industries that will be affected to a very great extent by the removal of this duty. It does not seem fair to these manufacturers that their raw materials should be taxed so heavily when they are brought in direct competition now under the regular tariff, with German goods.

Mr. FIELDING. What does my hon. friend mean by raw material, as applied to this industry? It is rather difficult to give a general answer.

Mr. LALOR. Mercerized cotton yarn, coarser than 40's, which is now taxed under the present tariff 25 per cent coming from any country, with the exception of Great Britain, and from Great Britain 17½ per cent. No yarns of that class are manufactured in Canada, there is no industry in Canada engaged in that particular business, and these yarns are used to a large extent. I am an importer of these goods myself to the extent of probably £100,000, and with a tariff of 17½ per cent against Great Britain and 25 per cent against the United States we are not in a position to compete with