

tion which will have the effect of removing the special excise tax on those articles. So that to-day while the treaty is in effect with respect to its tariff provisions, it is not in effect at all and was never intended to be in effect with respect to the three per cent special excise tax until this parliament has acted with respect to that. I assure my hon. friend that all the negotiating parties were quite aware of that throughout the whole proceedings.

Mr. MANION: I understand that. That is nothing new. I did not say the three per cent tax removal was in effect. I said the treaty was in effect, and the cancellation of the three per cent special excise tax does not come into effect except by legislation of this parliament. But does my hon. friend suggest that, having promised in the treaty that they would submit the matter to this house, if they failed to carry that provision they would not look upon it as a complete defeat of their government? Certainly not; they will put it through. In other words, it is as good as done.

Mr. DUNNING: If my hon. friend will permit me, that was not the point. What my hon. friend has just said is quite correct. My point is that any addition to the items mentioned in the schedule of the treaty to which the removal of the excise tax will apply is not in itself a matter of treaty but a matter in the judgment of this government and of this house.

Mr. CAHAN: It is a matter of international agreement and international honour.

Mr. DUNNING: No; the international agreement applies simply and solely to the items mentioned in the schedule.

Mr. CAHAN: But there is a promise collateral thereto that the three per cent excise will be removed.

Mr. DUNNING: No—

Mr. MANION: Mr. Speaker, I think this is my speech. I do not mind interruptions, but I do not want speeches interjected in the midst of mine. I understand just as well as the Minister of Finance the facts as he puts them. I did not say anything to the contrary. I said the treaty is in effect from January 1. I take it for granted that the removal of the three per cent excise tax has to be a matter of legislation by this parliament. But I was pointing out that in addition to the products mentioned in this treaty from which the three per cent excise tax is to be removed there will be a number of other products, not mentioned in the treaty, from which the tax will be removed. And I ask

this question, whether the British knew this and understood that a number of other concessions were to be given? Did the people of the United States know; did we know, that we were going to give a number of other concessions? My suspicion is that we did not, that there was a lot of bungling done. Now they find, after having made concessions of the utmost importance not only to the United States but to Japan, Germany and Italy, the three dictator nations, that they are going to have to make more and get nothing in return; that when they bring in this treaty and deal with it in this house they will have to submit a long list, probably much longer than that in the treaty itself, of materials and articles from which the three per cent excise tax will be totally eliminated. What return are we getting for that extra concession to the United States? And, what is worse, what return are we getting for that concession to the other favoured nations? We have most favoured nation clauses in our treaties with some twenty-five or thirty other nations. Three of the outstanding nations which receive this most favoured nation treatment, in other words which get the same concessions as the United States by virtue of this agreement, without giving anything in return for them, are Germany, Italy and Japan, the three dictatorships. What do they give in return for getting the same concessions as we are handing to the United States at the present time? What do we get from Germany, Italy and Japan more than we have already been getting from those countries? Those three countries which have been disturbing the peace of the world for the past two or three years get the same concessions that we are giving to the United States. And what do we get in return? We do not get anything so far as I know.

Mr. EULER: May I answer that in regard to one country we would receive this: If Germany did obtain any benefit—and I do not think she will obtain any benefit whatever—by reason of being a most favoured nation, we shall sell more goods to her, because she is bound under our agreement to provide exchange to an amount at least equal to the amount of the purchases we make from her.

Mr. MANION: But that gives her favours anyway. Germany wants foreign exchange; she is having great trouble getting it at the present time. And what do we get from Italy and Japan? My hon. friend has not answered that. We do not get anything. A little more exchange in regard to Germany, but that is exactly what Germany is fighting for all the time.