

In the current weekly report of the Department of Trade and Commerce, it is recalled that in 1903 Germany declared a small economic war on Canada by contesting the right of this country to grant a preference to Great Britain. Because Canada had done this Germany imposed maximum duties on Canadian goods. Canada replied with a surtax on German goods, which had the result of cutting down German trade by one-half. After seven years of this, Germany admitted defeat, and removed the arbitrary duties she had imposed. The incident is recalled in the Department's report as demonstrating that Canadian trade was far more valuable to Germany than German trade to Canada, because the former consisted of manufactured goods and the latter was composed largely of foodstuffs which the world must have.

But there was another aspect to this incident which is worth while recalling, because it shows how different is the attitude of Great Britain from the attitude of Germany towards treaty obligations. When the Dominion Government decided to grant a preference to British goods, it unexpectedly found itself up against old "favored nations" treaties which had been passed by Great Britain, by which Great Britain was precluded from accepting preferential treatment that was not extended alike to a certain number of other countries, among which was Germany. These treaties were passed long before the modern development of the British Empire, and when such a possibility as that offered by Canada was undreamt of.

Now the Canadian Government had no intention whatever of granting a preference to Germany as well as to Britain. Our ministers took the ground that there would be no violation of the treaty obligations of Great Britain if British goods alone were given a preference in Canada, because neither Germany nor any other country could in equity expect a preference to be granted to it unless it gave a preference in return. This is the interpretation of the favored nations treaties which the United States has adopted—that the privileges conferred by the treaties are only operative on a reciprocal basis.

Who objected to the way out of the difficulty suggested by the Canadian Government? Not Germany, but Great Britain herself. Canada's stand seemed a perfectly just and legal one. But Great Britain, whose traditional policy has always been to hold to the spirit as well as the letter of her treaties, held that as nothing was said in this particular treaty about preference being reciprocal, Canada must grant to Germany the same privilege as she offered to Great Britain. This she did rather than there should be even a suspicion that the acceptance of the offer of her own daughter would be a violation of the spirit of the treaty.

Following this, Great Britain gave due notice, in accordance with the terms provided for in the treaty, of the abrogation of that treaty; and in due time, when the legal notice had expired, the treaty was abrogated and Great Britain was free to accept Canada's offer. Until all the legal obligations of a treaty that had long outworn conditions had been fulfilled, Great Britain would not accept one cent's worth of preference in the markets of Canada. In the light of later events, can it be imagined for a moment that Germany would have shown similar solicitude for her honor?