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Special Articles

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Ware Orphanages.

By J. W. MACMILLAN.

Conditions in the West.

By E. CORA HIND.

Book Reviews.

By HOWARD S. ROSS.

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The "Most Favored Nation" Treaties

A CABLEGRAM reports that Mr. Bonar Law, the British Chancellor of the Exchequer, in reply to a question by Sir Edward Carson, said the British Government intended to adopt a policy similar to that of the French Government in denouncing all commercial conventions containing a general clause regarding "most favored nations." The report proceeds:—

"Such a step, the Times declares in its editorial comment, will leave Great Britain free in matters of fiscal policy. Up to this time the United Kingdom has been bound by commercial treaties with Allied and neutral countries guaranteeing reciprocal most favored nation, treatment in fiscal matters.

"Commercial treaties with enemy countries were terminated by the war. So long as commercial treaties remained in force, the Times adds, it was impossible for the United Kingdom to give specially favorable treatment to her Dominions or Allies in customs duties or imports, or to differentiate between countries to which are exported goods of the United Kingdom.

"These commercial treaties are now to be denounced. This denunciation, it is said, does not mean necessarily that there will be any radical change in the fiscal policy of Great Britain, but it makes such a change possible."

The London Times, if its article is correctly reported in the cablegram, is quite wrong as to the effect of the treaties in question, and of their denunciation. There are no treaties that stand in the way of Great Britain giving "specially favorable treatment" to the Dominions. There were such treaties some years ago, the treaties with Germany and Belgium. What is usually called the "most favored nation" provision prohibits each party to the treaty from giving any special advantage to any other foreign nation. That provision did not and does not restrict the right of each party to the treaty to give special treatment to its own people, whether in the home country or in its colonies. Great Britain had many treaties of that character, which did not in any way restrict her liberty to give a preference to her Dominions, or to receive a preference from them. If only these treaties had applied to the commercial relations between Great Britain and her colonies,

preferential tariff arrangements might have been made at any time in a long period of years. But there were obstacles in the German and Belgian treaties to which we have referred. These were not the ordinary "most favored nation" treaties. They were much more. The "most favored nation" principle applied only to relations between Great Britain and foreign countries. The German and Belgian treaties went much further. They provided that Germany and Belgium should receive, not only as good treatment as might be accorded to any other foreign country, but that these two countries should be entitled to as favorable tariff terms as might exist between Great Britain and her Dominions. Those treaties—"those unlucky treaties" Lord Salisbury once described them—were made a very long time ago, when the Dominions had no voice in the management of such affairs. Although they became embarrassing as the years rolled on, the British Government were reluctant to terminate them, and consequently the appeals made from time to time by the colonies were unheeded. It was not until 1897 when Canada, taking the bull by the horns, virtually repudiated the application of these treaties to this Dominion and enacted the preferential tariff, that the Imperial authorities were moved to action. The German and Belgian treaties were denounced from July 1, 1898, and thereafter Great Britain and her colonies were free to grant preferences within the Empire. That is the situation to-day, the Times to the contrary notwithstanding. If Great Britain has not granted preferential tariff treatment to the Dominions it is not because of any treaty obstacles, but because the British Governments of both political parties have felt that such a policy would not be satisfactory to the people of the mother country.

The Times, while wrong as respects the effect of existing treaties on the relations between Great Britain and her Dominions, is right in saying that the "most favored nation" clause in those treaties prevents Great Britain granting preferential treatment to her Allies in the war. The denouncing of the treaties will enable her to do this if she desires. In that respect the action just announced will give Great Britain a wider freedom.

It is a mistake, however, to assume, as many do, both in England and in Canada, that the "most favored nation" clause is an unqualified misfortune. There may be occasions on which it proves embarrassing. But we believe there are many more occasions on which it works well, and when in the absence of such a provision either Great Britain or Canada might find herself placed at a grave disadvantage in foreign markets. The subject is one for careful study, rather than for the hasty action that is sometimes demanded.

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