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The New Era in Great Britain.
By W. W. SWANSON.

Trade Regulations and Restrictions by Order-in-Council Must be Abolished.

By E. M. TROWERN.

The Dominican Republic.

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The Most Favored Nation Clause

THE French Government have given notice to denounce—that is to terminate—all their commercial treaties. These include the two Franco-Canadian treaties negotiated in Paris ten years ago by Mr. Fielding and Mr. Brodeur. The chief French official in the making of these treaties was Mr. Stephen Pichon, then Minister of Foreign Affairs. The many ups and downs of French politics since that time have again brought Mr. Pichon into the Foreign Office. Thus the French Minister chiefly responsible for the treaties with Canada is now the one to give notice of the termination of the agreements. The denunciation of the treaties, however, does not mean any material difference between France and Canada. On the contrary, the good relations between the two countries established by the commercial treaties have become closer and better during the ten years that they have been in operation. France, after passing through the fire during the past four years, has now to face the problem of reconstruction, and, desiring to have an entirely free hand, has decided to terminate all her commercial treaties, and make a fresh start. It has been agreed that as respects the Franco-Canadian treaties, the tariff rates mutually agreed upon shall remain effective for the present, but may be terminated by France on three months' notice. Doubtless whenever the French Government desire to take up the general question of new commercial arrangements Canada will be notified and an opportunity will be afforded to enter upon fresh negotiations. It has, however, been semi-officially announced that in the making of new commercial arrangements France will no longer stand for what is called the most favored nation clause.

That treaty provision has long been a subject of contention among writers on economic subjects. By the adoption of that clause a nation, A, gives assurance that in dealing with another nation, B, it will grant to it not only all the commercial privileges specified in the agreement itself, but also any additional advantage that may subsequently be granted to C or any other third party. The privileges and assurances, both present and prospective, are, of course reciprocated by the nation B. As between A and B matters are thus satisfactorily arranged. It is the relation of third parties that sometimes causes trouble. There are occasions when governments find the most favored nation clause an embarrassment, and therefore they are tempted to set themselves against it, as France seems disposed to do. The nation A makes a treaty with the nation B, whereby A grants concessions in return for

similar or equivalent concessions granted by B. Then A sees that the benefits it has thus granted to B, in return for concessions received, must be granted without any return, to C, and to every other country with which A has a favored nation treaty. This seems unjust. Many public men chafe under the restraint, and are inclined to terminate the treaties which, as they express it, oblige them to give substantial benefits without any specific return.

There is, however, another side of the question, too often overlooked. The most favored nation clause which A has inserted in its treaties enables it to rest in the comfortable assurance that in all countries with which it has such arrangements it can never be placed at any disadvantage as compared with its competitors. Other nations may seek and by special treaty may obtain from B commercial privileges not previously granted. But when granted to the newcomer they must also be granted to A and to every other country having a most favored nation treaty. The value of this assurance to A is very considerable. If A had no favored nation treaty with B, the latter would be free to give any nation concessions that might place A at a disadvantage in competition for trade.

The country which does not adopt the most favored nation clause must, after making an independent treaty, be at all times on guard and watchful, and prepared to fight, in a commercial sense, for the best terms in any foreign market. It may be in a position to offer advantages that will enable it to make a fair treaty at the beginning and additional treaties from time to time. But it may not be so fortunate. The hundred and one difficulties that arise in diplomatic negotiations may cause it to be shut out of the markets to which the products of favored nation countries are admitted without a moment's hesitation. When this situation arises, as it easily may, there will be regret that the whole matter had not been quietly settled by the adoption of a favored nation treaty.

A nation strong enough economically or otherwise to obtain exceptional advantages over its competitors, in a foreign market, may find itself in an advantageous position without a favored nation treaty. But few nations can hope to occupy such a strong position. Preferences within a nation—such, for example, as Canada gives to British goods—can be established. But preferences between nations are more difficult and much less likely to be provided. In commercial relations with other countries, about the best that any nation can expect is that it will not be placed at a disadvantage in a foreign market, that it will have as good terms as others get. And that is precisely what the most favored nation clause secures.