

of the American Union and the German Union have such arrangements, and no one deems them a matter for foreign protest or reprisal: and that if such countries object to what they are themselves doing well, we must fight it out on that line.

An old adage tells us, "Be sure that you are right; then go ahead." As a matter of present and very unpleasant fact, we are aware that Germany and Canada are at present in a state of tariff war because our duties upon German goods are higher than on British, that is because of the preference which we give to British goods. Has Germany any reasonable ground for her action?

The essential difference between the case of Germany (in permitting free interchange among her component States, while charging duty upon foreign imports) and ours, is that Germany is for commercial (and other) purposes a unit. She is one country, with one tariff, one commercial policy, one control of foreign arrangements—she is a single fiscal entity.

The United Kingdom and Canada on the other hand are, for commercial purposes, quite separate and distinct. They have very different tariffs, different commercial policies, different foreign arrangements—they are two fiscal entities; so much so that they have negotiations, and are considering making commercial treaties with one another. Germans do not object if Lancashire goods go into London free of duty, even as Saxony's output is not subjected to imposts in Berlin. But Germany regards Canada as commercially distinct from Great Britain, and so she is. It is not so in other Empires, France, for example, and her Colonies form one fiscal unit. Canada, in obtaining commercial independence but still retaining her association with the British Crown, has introduced a new phenomenon in colonial connection, and here is one of the problems with which it confronts us.

It is useless for me to endeavour to settle the question. I cannot settle it. I state it for Canadian consideration with