

from that country being more than five times greater than Germany's purchases from Canada, the undersigned thinks that the German government may be fairly asked to give the products of the Dominion the most favoured treatment in the German markets.

The fact that Canada, while so largely a purchaser of the goods of Germany, is treated unfavourably by the tariff laws of that country, is regarded by many in the Dominion as evidence of unfriendliness and has led to demands for retaliatory tariff legislation. The Canadian government have not yielded to such demands, deeming it better to place the facts before the German government in the hope that the present discrimination against the products of Canada may be removed.

The Canadian government would at a convenient moment be prepared to consider the general question of trade relations between Germany and the Dominion. The undersigned understands, however, that it is not the policy of the German government at present to make any commercial treaties extending beyond the year 1903, it being desired that at that time all commercial arrangements with foreign nations shall be subject to revision. It would therefore be inexpedient for the Canadian government to enter into negotiations at this moment with a view to a general treaty with Germany. Negotiations of that character necessarily occupy considerable time and it is probable that before any arrangement satisfactory to both countries could be reached the period for which the German government are disposed to agree would almost have expired.

The undersigned therefore submits that, reserving for further consideration the question of a treaty to take effect after the year 1903, it is desirable that a friendly temporary arrangement be made with Germany. In view of the figures already presented, showing how largely the balance of trade is in favour of Germany, it would not be unreasonable to ask the German government to take that important fact into consideration and extend to Canada the tariff advantages from which the Dominion is at present excluded.

The only matters in which the products of Germany are at any disadvantage in the Canadian markets as compared with the products of other foreign countries are those which arise out of the arrangements made between France and Canada by the commercial treaty of 1894. The advantages of that treaty were extended to Germany and were only withdrawn after the adoption by the German government of the adverse policy which is the subject of this memorandum. In the event of Germany agreeing to allow favoured nation treatment to the products of Canada the benefits which are granted to France under the treaty of 1894, should, of course, be extended to Germany, thus placing German goods in every respect on equal terms with the goods of other foreign countries.

The making of a formal treaty would require the appointment of plenipotentiaries by His Majesty the Emperor of Germany and His Majesty the King of Great Britain on behalf of Canada. But while recognizing this fact, the undersigned is of opinion that a friendly exchange of views between members of the Canadian government and Herr Bopp, representing the government of Germany, may be very useful in bringing about a better understanding, and therefore it is recommended that a copy of this memorandum be furnished confidentially

to Herr Bopp. If Herr Bopp should be able to intimate at an early date that the suggestions herein made are received with favour steps could then be taken to have the matter dealt with more formally through the proper treaty-making channels.

(Sd.) W. S. FIELDING,
Minister of Finance.

Department of Finance,
Ottawa, November 18, 1901.

The figures in this memorandum are brought down to the end of the fiscal year ending 30th June, 1901. The figures for the following year sustain the position taken as to the large balance of trade favourable to Germany. In that year, 1902, our imports from Germany for home consumption were \$10,823,169, while our exports to Germany of the produce of Canada were only \$1,298,654. Sir, I regret to have to say that unfortunately all these efforts to bring about a better understanding with Germany have failed. We have patiently, as it will be acknowledged, for the long period of five years endeavoured to bring about such an understanding—a longer period than some hon. gentlemen opposite were willing to wait, for they criticised us, and perhaps with reason, because we did not make some hostile movement in previous years. However, Sir, we do not think that we can afford to let the matter stand in its present position any longer.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. After these five years of careful, patient negotiation, we think it is our duty to place all the facts before the parliament of Canada and to take such steps as will assert the right of the people of Canada to make arrangements, either as respects their trade or any other matters, with the mother country or any part of the British empire, without admitting the right of any foreign nation to interfere in the matter in any shape or form.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Our German friends have given us an idea of how we may deal with a matter of that sort. We have not any legislation in our tariff at present which would enable us to deal with such an exceptional condition. Our German friends have shown us, however,