(*November 6th, 1916.*)

The Economic Conference at Paris

By Sir George E. Foster, K.C.M.G., Ph.D., LL.D.*

At a regular luncheon of the Club, held on the 6th November, Sir George E. Foster said:

Mr. President and Gentlemen,—In the first place, before beginning my talk, I wish to associate myself very strongly and emphatically with the sentiment expressed by your Chairman, (Mr. W. G. Watson). He put it in a way which appeals—that those who remain behind have something to do for those who have gone to the front; they have also something to do in the place of those who have gone. Some will never come back, but others will come back and will ask how we have "carried on" in their absence. These men will ask, if we are not able to engage in actual warfare, whether we have been sufficiently alive to the claims that peace times have upon us and have been keeping in order what they left, and putting it into the best shape to be available when they return. If the Chairman has no patent right on that expression of his thought, I shall proceed to emphasise it in other places.

Now I am afraid that after the illustrious gentlemen who have addressed you heretofore, and the great interest of the subjects on which they have spoken my task is of a rather drab and sober hue, for there will be nothing sensational and not very much that is sentimental in my remarks to-day. It seemed to me, however, that a commercial community, a business community, a reading community, might be interested in a sketch of the Allied Economic Conference which assembled in Paris in the second week of June, this year, not that I expect to add very much to your intrinsic knowledge, but rather to brush up by way of personal narrative, your memories of what no doubt you all read about at the time, and may be to enphasise a few facts as to its significance.

It was called the Economic Conference of the Allies and it was conditioned upon events and a history which runs far back. It is very seldom that any event of a broad nature,

*Sir George E. Foster, Minister of Trade and Commerce, stands in the first rank of Canadian orators. His address on "The Economic Conference in Paris" is a model of lucidity, picturesqueness and eloquence.

like that I am chronicling to-day, emerges, which has not its roots deep grafted in a time more or less removed from the date of its actual occurrence. And the man who tries to explain it by taking a restricted purview generally fails in his explanation; he must go far and dig down deeply if he will thoroughly understand the origin and meaning of a gathering like that at Paris.

I think no one, without such study, will properly understand this war, the reason why it is being waged, why it should not end until it has ended the evil it set itself against, and why we should be very careful about peace terms and the conclusions to be reached after the war. We must go back forty or fifty years to find the basic reason for the Economic Conference at Paris. I think, to understand the war, how and when it should end, and the conditions upon which it should end, we must go back and look upon this gigantic world contest as not simply being now waged on land and sea by force of arms, but as having for a long period of years been in process in a quieter way and along a different plane and we must agree upon two facts: That the contest is waged for the economic dominancy, first of Europe and afterwards of the world; and the other, that this idea of economic dominancy is now being pushed *vi et armis* to a more speedy and more effectual political hegemony.

A half century ago Prussia emerged through its policy of "Blood and Iron" to the headship of the German States. Aterwards to strengthen her position war was waged against Austria and against Denmark. Then in 1870 came the first great act in the play for supremacy in the war against France, with its rapid conclusion, its tremendous significance and its far-reaching effects. That was along the line of war by the force of arms on the theory of "Blood and Iron" applied first to the German States, later to various neighboring nations of Europe, and as it is now being sought to be applied to the world at large. But from 1872 and onward, there was carried on a unique campaign, a most ingenious and thoroughly systematised plan of procedure by the Germans, aiming at the economic and political dominancy of Europe, and afterwards of the world along the line of what we may call "peaceful penetration." It would take too long for me to attempt to set forth this afternoon the story of that most ingenious system of national education designed as a preliminary to saturate the German mind with the idea that the German was to be become the super-man, his nation the super-nation, his culture the regnant all prevailing world culture. To this end,

the home, the school, the college and university were to bend all their moulding, directive and teaching force, to this end the press, the magazine, the pulpit and the lecture halls were to focus all their persuasive powers, and the forces of legislation and administration were deployed from the limited sphere of the lowly peasant to the powerful circles of the high nobility and the Kaiser War Lord.

Coincident with and consequent upon this tireless pervasive education and preparation at home the nearer zones of the neighboring small states were invaded by the quiet methods of peaceful penetration. German travellers and tourists frequented railways and steamboats, filled hotels and watering-places; German clerks offered service free to business houses and banking firms, and possessed themselves of their secrets; German brokers and financiers formed partnerships and controlled ventures; German spies swarmed in public places and German diplomats besieged the courts. This invasion proceeded through Belgium and Holland and Switzerland, spread gradually along the Scandinavian front, fairly engulfed Italy and Western Russia, passed through the Balkans to Constantinople and beyond, set up headquarters in London and Paris, whence it radiated in all directions. It crossed the seas on palatial steamers and resumed its march in South America, planted its millions of trusty comrades in the United States and entrenched its forces in Australasia and Africa. Progress was rapid, success was striking, German wares and German representatives were everywhere, her treaties bound the weaker nations and her espionage encircled the world. She mapped out the countries to be ultimately conquered, tabulated their resources and photographed their defences. Her excellent system of scholastic and scientific training, its unrivalled chemical equipment and its perfect and meticulous organization, attracted students from all countries whom it sent back to their distant homes as preachers of the new German evangel of system, scientific knowledge and cool and calculated thoroughness. Had she restrained her over-vaulting ambitions for quick and spectacular conquest by force of arms, and pursued for another quarter of a century the victorious march of peaceful penetration, the world might have waked up too late to make successful resistance to her claims to universal headship.

The ultimatum of Wilhelm on August 2nd broke the spell, roused the fascinated bird to the peril of the forked tongue and superb ruffled scales, but it has taken two years of terrible war to fully reveal the menace and intent of the soft-paced, peace-beflagged world enemy.

It was on the revealed evidence of this long peaceful campaign for economic and political domination and a knowledge of the intent and purpose thereof that the Economic Conference was based.

If you read the preamble to the agreement reached by the Economic Conference you will find two statements made; first, the allegation made—and it is absolutely true—on the part of the Allies that theirs is not an offensive war but is a war of defence; that it was pressed upon the Allies and that the challenge had to be taken up and met, or the Allied Powers must submit to an intolerable German dominancy; the second, that along with the challenge to arms now being fought on land and sea, there was also a challenge to economic war and dominancy as well; and the object of the Economic Conference was to prepare in peaceful times to defend the Allies against unfair economic conquest by the Teutons, as by the union of the Allies on the fields of war on sea and on land, they are now protecting themselves from political conquest. The two sides of the world-wide warfare were both of them in mind—the one met by alliance of arms, the other to be met by alliance of economic resources.

So the Allies' Conference in Paris was brought about and there, during the second week of June, it met. I attended that Economic Conference as one of the four representatives of the British Government. It was, as I said before, a gathering unique in the history of the world, an occurrence which three years ago would have been supposed impossible in Europe or in the world. It was a meeting of eight great nations of the world, eight nations whose populations, outside of India and the dependencies of the British Empire, amounted in all to about 318,000,000 people; or, if you take in the dependencies and trusts of the British Empire and the Overseas Dominions, they comprise pretty nearly half the population of the world. That great combination of human units, that equally imposing array of nationalities, met, conferred and came to their conclusions at that Conference.

Let me try, if I can, to give you just one breath of the atmosphere that pervaded it. Those eight Allied Nations had been in the death grapple of arms for more than two years already; they had from a congeries of separated nations, through common ideals, common purposes and motives, so overcome their divergencies of geography, of administration, of race, and of political methods, that at the time this Conference met, those eight different nations had become so closely united that they moved on the thousands of miles of contested fronts as though one people and under one strategic management.

For nearly two years this gigantic struggle had been proceeding and at the time the Conference met, there was a strained tenseness in the atmosphere, greater perhaps than at any other time during the war. France and her legions were holding the great part of the long lines in France and Flanders, and it was then the fifth month of that unprecedented heroic, successful, defence of the approach to Verdun. For five terrible months, an enemy, perfectly equipped, ruthless in all its methods, determined to the point of absolute death in gaining its objective, had been battering this line of French defences. At that particular time, though Hope always whispered encouragement, there was the tensest kind of feeling, there was deep down the growing apprehension that some time, by some unhappy fortune, human endurance might reach its limit, those defences might crumple, and France might lie at the mercy of its enemy.

Up to that time Great Britain had done little more in France than to throw in her small heroic band of 125,000 perfectly trained soldiers, who performed their saving work on the Marne and at Ypres, and held the lines in Flanders, but not yet had the great British power been able to exercise its full strength or to make the force of its growing armies felt. Up to that time Britain had been preparing in her busy workshops and on her tented fields, an army which some place, somewhere, sometime, would take its full part on equal terms against the common foe and relieve its gallant Ally. But up to that time the big battalions had not crossed, the Big Push had not commenced, and the worn and weary veterans of France were bearing the brunt of the attack at Verdun and elsewhere. A little before, a great disaster had robbed the Empire of its greatest war figure —the Imperial Kitchener—and even yet the despondent shadows of Gallipoli and the Tigris hung upon the Eastern horizon. The conditions combined to create an atmosphere of intense feeling, and as we sat and worked around the tables in that Conference in Paris the air was vibrant with expectancy and thrilling interest.

Under these circumstances picture to yourselves the great hall of the Foreign Ministry in which were gathered the representatives of half the world. At the head of the table sat the representatives of France, at the right were those of battered Belgium, of Great Britain and of Italy; on the left side, the one and sole representative of conquered Serbia,

and the representatives in order of Russia, Portugal and Japan. Figure this historic scene to yourselves, give wings to your imagination for a moment and sweep in swift course the centuries of time. There sat Japan, with traditions and history reaching away back into the dim mists of thousands of years, Japan, the old realm of the Shoguns, transformed into a modern power, moving side by side in impulse and alliance with the great nations of the West. Russia, an empire of one hundred and seventy-five million people, inhabiting one-seventh of the world's territory, with races and creeds innumerable, and ideals different in many respects—there sat Russian representatives, voicing all Russia was in the past, all she was fighting for in the present and all she hoped to be in the future. As your eye takes the picture and your imagination is given free rein, you trace the evolution, behold the struggles, catch the spirit and hear the aspirations of these attendant nations. There was one lone Serbian, representative of a people now without a country. There were the Belgians, exiles from a home now overrun and in the grasp of a brutal conqueror. There sat the French, one-tenth of whose country was under the heel of the enemy, and the other nine-tenths threatened and menaced by a resourceful, cruel and relentless foe. You can imagine what feeling thrilled us as we of the young Dominions sat there—myself from Canada and Mr. Hughes from Australia, as members of the British delegation—as we looked into the faces of those old civilizations and let our minds run back far into the centuries of the past and follow rapidly on up to the present, and then try to fathom the spirit, the impulse, the ideals of those oldtime worldwide nations, and what would come out of the Economic Conference.

I confess, as I looked upon that Conference, it seemed that with all the diversities of interests, the multiplicity of motives, the differences of policy and administrations, it would be impossible that we should come anywhere near to agreement upon any principles of economic and commercial action with reference to enemy powers.

The first two days of that week were spent by those delegates in calling upon and becoming acquainted with each other, because you must remember that most of these delegates had never seen each other before. It was a wise management that devoted the two full first days of the week to this social intermingling and to interchange of views as to subjects of discussion and conference. Then followed the four days of active and official sessions.

Now, I must hurry along and just give you brief glimpses. One of the factors that contributed as much as anything else to the success of the Conference was its Chairmanship, which was provided by the French Government and was entrusted to M. Clementel, Minister of Commerce, a polished gentleman—that goes without saying—a man of great tact, with steady nerve and strength of will. He had intimate knowledge of all delegations, and it was due to his wise and courteous management of the Conference, as much as to anything else, that the conclusions were reached and results obtained which will afterwards become apparent. Much in a Conference of that kind depends upon the man who guides and tempers the course of discussion, and in that respect the Conference was fortunate in the choice of M. Clementel.

Four days were devoted to the discussion of the different propositions placed before the Conference. Some time in and between was given to committee work amongst the delegates themselves and to conference amongst the representatives of the different delegations, in order to compose differences of opinion and of varying views which occasionally arose. But in the end they were straightened out and the Conference was united. So it came about that all the conclusions reached—and they were wide and all-embracing—were absolutely unanimous conclusions. That was a great thing. One reason why those conclusions became unanimous was because the spirit of unity developed in the long contest in the field inspired the Peace Conference. The delegates, all through those days in Paris, felt that if unity was necessary in the field of battle, unity was also necessary in the economic and commercial field; that if they had to give and take in order to bring about unity in the field of battle, so also they must give and take in the economic and commercial field. And so, as this spirit of unity prevailed, the conclusions were absolutely unanimous and represented the views of all.

What are those conclusions? They divided themselves into three categories.

First, what should be the action of the Allies while the war was on? It was comparatively easy to come to conclusions in that respect, because the war had been on for two years and the path had already been well laid out and well trodden. The object was mainly to secure a greater uniformity and unanimity in practising by all the Allies continuously what had been practiced wholly by Britain and France and in part by other Allies before the Economic Conference was convened. Briefly, it was agreed that while the war was on, and until it was

finished, there should be entire prohibition of all trade exchanges and business transactions between the subjects and residents of any of the Allied Powers with enemy subjects, whether direct or indirect, through their own or other countries. It included also the cancellation of contracts for trade transactions already made. It meant the control and sequestration of enemy businesses being operated in Allied Countries under the auspices or management or control of enemy subjects. And it meant also that the Allied Powers should not allows munitions of war or supplies tending to support the war to get into Germany or Austria or other enemy nations by the sea ports or by transit through neutral countries.

This latter presented a problem of great difficulty and complexity—to determine how much trade should be participated in by contiguous neutrals like Norway, Sweden, Denmark, Holland, Switzerland, and for a time by Italy and some of the Balkan States. These countries, like huge sponges, absorbed on both sides and emitted both ways, and it was a question of very great delicacy and complexity how Great Britain and the Allies could act so that these countries should get everything that was necessary for themselves, and that they had been accustomed to import for themselves, and should not get for Germany what she desired, or become purveyors of German goods to outside countries. That question was a most perplexing one and was managed with great tact and fairness by Great Britain and the Allies, not of course without giving some offence to neutrals, though in the main the rights of neutrals have been studied in every possible way and their predilections respected wherever possible, considering the absolute necessity of defending the life blood of Great Britain and the Allies from the assaults everywhere made upon them.

The second category referred to the course of action that should be taken by the Allied nations after the war ceases, and the negotiations for peace begin—during what is usually called the reconstruction period. For that period the conclusions of the Conference were along these lines. It was agreed that the war had broken into shreds the treaties and conventions with most favored nation clauses under which Germany had exploited the bordering countries in such a way as to strengthen her commercial and economic position and weaken the economic and commercial position of those nations. These are all waste paper now, and the conclusion of the Allied Conference was that they should remain so during the period of reconstruction; that as they have been abolished

by the war, they shall not be renewed during the period of reconstruction by granting any like privileges or like concessions to enemy countries. That leaves the Allied powers a perfectly free hand to make such arrangements as they please among themselves, without having to give to the central or enemy nations equal privileges. It allows them to give such privileges as they desire to neutral nations without granting the same to enemy nations; it leaves them free to make any economic, commercial, financial or transport arrangements with each other, which may promote Allied relations and protect Allied interests from the aggression of central or enemy powers.

As to the duration of the period of reconstruction, no stated limit was fixed. The period is to be determined by the Allies themselves and the time to be fixed by the necessities of the case; it may be one year, or it may be two years, but during that period no such concessions or privileges or anything like them shall be granted to enemy nations.

Likewise during that period of reconstruction, whether long or short, the Allies agree to co-operate with each other in every possible way in conserving and mutually using the important basic resources of each country, first for that country itself and then for its Allies, and shall prevent the products of enemy countries from being dumped into Allied countries. It would, indeed, be most unfair to allow that. Belgium, for instance, is not only conquered, but it has been absolutely looted, its fields wasted and its homes destroyed, its factories, its machinery for manufacturing, its raw materials, everything that could be possibly laid hands on by the Hun has been either dismantled and carried away or, if not, has been operated for the benefit of the Huns themselves, and now they are deporting the workmen as well. After the war is over—for I am venturing a prediction that as the Hun is driven back league by league he will leave behind him little of economic value—what has not been looted or carried away will be destroyed by fire or sword. Then you will have a country of seven million people, once happy, thriving and prosperous, absolutely forced to commence anew and rebuild its homes, its factories, its industries—everything. During that period of reconstruction it shall not be competent for the central powers to set their factories in motion, their industries at work, and overflood and supply the country they have devastated. Therefore for the defence of the Allied countries in their wasted and devastated places, this prohibition of enemy goods shall be operative during the period of reconstruction.

During the period of reconstruction also, whatever can be

done by the Allies themselves to provide compensatory markets for the exchange of commercial, agricultural and industrial products, or to give financial help and to aid each other in the reconstruction of the Allied countries immediately desecrated and devastated by the war, will be done. That is, there will be mutual co-operation, mutual advantages, mutual economic, commercial and industrial exchanges, a systemisation and mobilisation of common resources for the building up of their countries. The first call for all these things will be for the Allies, themselves, the second for the neutrals, but for the enemy there will be no call.

The third category includes the policy and action of the Allied countries after reconstruction has been accomplished in whole or in part, that is as to permanent relations. Equal agreement on that was reached as upon the other two lines which I have briefly designated, and the conclusions come to were these.

It shall be the aim of the Allies to have—and they agree that they shall have—respect to each other's economic situation and each other's materials of prime and basic value, to the industrial products which are key products and which are of immense importance to the country itself, that all these shall be developed in a spirit of co-operation and good-will with a view towards best developing the resources and building up the Allied countries to the point of complete independence of the central and enemy powers, and the thorough up-building and advancement of the Allied nations themselves in their maritime, their agricultural, their commercial and industrial interests. That is, in brief phrase, that most favored treatment in good-will and co-operation shall be the rule of the Allies with reference to each other in their permanent policy, and whatever is necessary to be done, whether it shall be done by government enterprise, or by corporate enterprise, helped by governments, or by restrictive tariffs, keyed up to the point of efficiency, these measures will be adopted, and when adopted, will be enforced to attain that full efficiency. All shall agree upon these principles in order to secure results and there shall be a uniform, constant, and honorable use of these different means, one or all or any of them, as may be best suited for the purpose.

These are the three lines, briefly and inadequately stated, along which the Conference proceeded and with reference to which unanimous agreement was reached in those four days of negotiation and consideration by the delegates with each other.

Anyone can see what that all means. Something new has come to the world through this war,—an aggregation of a majority of the most powerful nations of the world, widely separated from each other in the ways I have mentioned, who have by blood contact on the field of battle baptised their ideals and consecrated their oneness of purpose. Growing out of this, coincident with and consequent upon it, there succeeds a wider human sympathy and a more brotherly co-operation in realising these ideals in the future, so they shall become strong and powerful. And, if this union continues, as I believe it will, it will make of these nations a unity of powers that shall absolutely prohibit the possibility of any such war as has been lately thrust upon the world.

A good deal has been said these days about what neutral powers may do after this war ceases in order to bring about terms of peace, and what may be their influence. No one recognises more heartily than I do the influence and importance of the neutral powers, particularly that to the south of us, which has so much in common with us in blood, in language, in traditions, and I believe now in real sentiment. But outside and beyond that, there is now guaranteed what is a fundamental factor, in that union of widely distributed powers which have already now for nearly three years fought side by side along the lines of defence on the ensanguined field, which have made costly sacrifices and braved every risk for common ideals, and which are now united along the lines of co-operation in economic, industrial and commercial upbuilding and progress. There, it seems to me, you have the league of nations, the combination that will link the world to peace, and which, with the hearty co-operation of progressive neutral powers, will make it impossible in the future that any Kaiser, or any aggregation of Kaisers, shall be able to throw the whole world into a hell of war, which the world did not want, which the world hates, and from the thraldom of which this world pines for relief and freedom. And I believe the world has made up its mind that it is possible to police the robber nations and that hereafter they shall be policed.

Now, I have kept you quite long enough. One word in conclusion. All this has some lesson for us, as Canadians, and members of the Imperial Commonwealth. The Economic Conference had nothing to do with the home affairs, or the status or constituent parts of each Allied nation, or as to what shall be done in meeting and solving the problems of the British Empire or the French Republic or the other countries that met for conference. But arising out of these conditions there comes to us a clamant note, an impelling

call, that the British Empire shall get together, shall reconstruct herself, so that acting as a whole, within the great community of nations, she shall within her own borders so mobilise, so systematise, so develop her resources and realise her ideals that she shall be better able to fulfill her own great destiny and to work more effectually with the great nations who, with her, are struggling to win this great world war. With the means by which this is to be brought about I will not deal this afternoon, but we all should be thinking about it. Every man and woman in the British Empire should be pondering and thinking, thinking and pondering over it. Britain knows well and we know well that on the long-drawn battle lines throughout the world, her efficiency and force have been infinitely greater because the Empire has been mobilised and acts with unity of purpose for the work of the war. And if for the work of war it has proved of such advantage to draw itself together, to act by common impulse, and along common lines to defend the Empire and guarantee its security, how much more can the Empire, and how much more is it the duty of the Empire, to so knit itself together, by co-operation and combination, by mutual self-help and development, that it may be equally as powerful in advancing the arts of peace, in giving impulse to the works of peace, in bringing about the rich results of peace, after the troubled years of blood and death have ended and we tread again the paths untroubled by war's alarms. For the works of peace are mightier far than the works of war. We have learned from the war that we are mightily more powerful when we act together than when we act apart. Let us learn the lesson that has been written on our hearts in the red rich blood of our nerves and let us whole heartedly and with all our might apply it to the arts of peace.