

Eighth Day.
30 April 1907.

PREFERENTIAL
TRADE.

Mr. DEAKIN : Does food include drink ?

Mr. ASQUITH : It is a very simple matter. Our tariff consists, so far as these things are concerned, of a tax upon various forms of alcohol, tobacco, sugar, and tea, with one or two small duties like those upon cocoa and dried fruits, which hardly count, and practically that exhausts our tariff.

Mr. DEAKIN : I thought that physicians had settled the question whether alcohol is a food or not.

Mr. ASQUITH : They are still disputing it.

Mr. DEAKIN : One further question which appears to be raised—and I am entering into no academic discussion—is, when a duty is a tax, who pays that tax ? I only refer to this because the subject appears to be dealt with by a gentleman who, I understand, occupied, and possibly still occupies, the highest position in the orthodox sect of Free Traders. I think he was, if he is not still, the Secretary of the Cobden Club—Mr. Harold Cox, M.P. In your debates, which I had the opportunity of reading while journeying here, Mr. Cox's testimony on that subject is remarkably clear. He pointed out that Canada had a substantial preferential tariff; the duties paid on British goods were 2,000,000*l.* a year. That was 33 per cent. less than the duty which would have been charged on the same goods if they had been foreign goods; if the goods had been foreign, the duties would have amounted to 3,000,000*l.*, but, if he credited Canada with the 1,000,000*l.* she did not levy on our goods, he must also credit her with the 2,000,000*l.* she did levy. We had, therefore, in his opinion, practically to bear a burden of 2,000,000*l.* in order to obtain a remission of 1,000,000*l.*, which, he added, was hardly good business. Mr. Cox is an authority, and when he says that the importing British merchant had to bear the burden of the 2,000,000*l.* of duties, he clearly asserts that the importer pays the whole of the tax—the whole of the duty which he prefers to call a "tax."

Mr. ASQUITH : I do not so understand it, but I am not concerned in defending Mr. Cox.

Mr. DEAKIN : It is very hard to put any other meaning upon it. He said we had practically to bear a burden of 2,000,000*l.*—"we" being the merchants of Great Britain—those who exported from Great Britain for the purpose of importing into Canada. If they bear the burden of 2,000,000*l.* he does not suggest, I suppose, that the Canadian people bear another 2,000,000*l.* over again. That does seem to me quite a hopeful light thrown upon the burden of duties borne by the foreigner.

The reference that was made at the conclusion of the Parliamentary appeal to the preservation of goodwill, is one to which there was and always will be an instantaneous response. There can be no possible peril or goodwill in this matter. There may be a strong difference of opinion as to the best means of giving effect to that goodwill, but certainly the sentiment would not be diminished by the particular character of that opinion. We argue something in this way : All trade, speaking broadly, exists for mutual profit, and is based upon mutual profit. Just as every individual who engages in it desires to have the largest trade possible, so does every nation. Nations, like individuals, live by their labour, their production, and their exchange. This is so true that not only are there wars in fact which are called "commercial wars," but trade is always sought for by aggressive means