

cent. with us ranks as a very moderate duty, indeed, in most cases. Of course, rates of duty, as the Chancellor of the Exchequer and all authorities know, vary immensely. 15 per cent. might be extremely heavy on one article, but very light on another, but on many of those articles to which our 15 per cent. applied, speaking generally with the United States and foreign tariffs in mind it may be regarded as relatively a light duty. Our rates of duty, including stimulants and narcotics, to-day only average 16·8 on dutiable merchandise, and 10·8 on all merchandise, whether free or dutiable, taken together. Here are wide margins for concessions.

Now, as regards the modes of preference to British goods, it is obvious that the Commonwealth may proceed either to lower existing duties in favour of Great Britain, or to increase these duties to the foreigner. The latter course has been followed in Canada, New Zealand, and South Africa, and probably in no perceptible degree influences the amount of duties collected. The immediate object of preference in our case would be to exclude foreign goods and to favour British goods. On a more general view, and subject to this, its object is to obtain fair terms abroad where fair terms are granted by us. It is natural, then, that the extent of the preference should be such as to be calculated to accomplish the first of these objects, that is, the cessation of importation of foreign goods, and an increase of present duties would seem to be the best means to achieve this end.

But the increase of existing duties is not the only weapon available. It is also open to the Commonwealth to use its present free list as a means of preference towards the Mother Country. A free list which runs to nearly 34 per cent. of our total imports, affords a wide field for preference, far more extensive than is found in the foreign countries with which we trade. More than half the imports that come in free are from foreign countries. If the Commonwealth were to make British goods alone entitled to a free list, making foreign goods now in this class dutiable for the future at the rate of 10 per cent., there would hardly be any question but that Great Britain would in a very short time acquire almost the whole of the trade in the goods which she produces that are now wholly free in Australia, derived from foreign countries. An increase of local production must, of course, be allowed for where our circumstances are favourable, though the nature of our industries in their relation to the general circumstances of our new and sparsely peopled country modifies the inducements offered in many cases. An inspection of the list of goods not subject to duty in Australia will show that very few of the articles enumerated therein are neither produced nor produceable in Great Britain. The adoption, therefore, of this course would probably be attended by an immediate diversion of trade from foreign goods to British goods, and having regard to the fact that one-third of our tariff, or one-third rather of our imports would be operated upon at once, or such part of that third as Great Britain is capable of producing, this is in itself a very considerable opportunity.

Taking into account also the other section of our tariff, in which the duties are under 25 per cent., it is easy to see that we have by no means as yet put to practical use the opportunities for retaliation which we possess in this direction, for reasons to which I will allude in one moment. The adoption of a similar policy on the part of the Mother Country towards the Commonwealth would certainly bring with it a considerable addition to our trade. I am assured by an authority that a substantial preference to the goods of Great Britain in our markets would result in an increase of British trade with Australia to the extent of, perhaps, 50 per cent. This would be the effect of substantial preferences and substantial preferences are contemplated by the third Resolution of the Conference of 1902. "That with a view to promoting

Ninth Day.
1 May 1907.

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PREFERENTIAL
TRADE.

(Mr. Deakin.)