

versial spirit at all, to the Canadian tariff for the purpose of showing—because it illustrates my argument very well—how in framing arrangements of this kind the country which frames them is inevitably constrained to look to its own peculiar local and economic conditions. It is essential—and Sir Wilfrid Laurier, I am sure, will agree with me—that those conditions are in the mind, and must be in the mind, of Canadian statesmen when they are dealing with this matter. See how it works out. I am not making this a complaint at all. From their point of view they are perfectly right. Canada, in the first place, admits either free, or at very low rates, raw and semi-raw materials. I believe all countries with what is called a scientific tariff aim at that. These come in, of course, from the United States of America, which is geographically near; and, as far as I can make out, about half of them come in free altogether. That is their free list, and, of course, naturally we cannot benefit by that. In the first place we do not export raw material at all to any great extent, and in the next place if we did we probably should not be able to compete, even in coal, with a neighbour which has the advantage of geographical contiguity like the United States of America, with its enormous and inexhaustible resources. In the next place with regard to the Canadian tariff I notice that among dutiable goods the average *ad valorem* rate paid works out at the same figure, namely 25 per cent. for the United Kingdom and the United States, notwithstanding the preference that is given to the United Kingdom. The reason for that is quite plain and very natural. Our goods, which are highly manufactured and finished goods, belong to the more highly rated classes, even after preference has been allowed for; whereas the dutiable goods which come in from the United States belong to the lower rated classes and therefore on the whole pay a lower average rate of duty. Thirdly, in regard to the Canadian tariff, if you take all goods dutiable as well as free, altogether, the average *ad valorem* rate after allowing for the preference on United Kingdom goods is 19 per cent. and on United States goods 13 per cent. In other words it is 6 per cent. lower *ad valorem* on the total importation from the United States than it is on the total importation from the United Kingdom. That is a tariff which has been, as we know, and we have Sir Wilfrid Laurier's repeated declaration on the subject, not only honestly conceived but carefully worked out, so as to give the maximum preference to the goods of the Mother Country, which is regarded by Canadian statesmen as being consistent with the general economic interests of Canada. I think I am right in saying that.

Sir WILFRID LAURIER: Quite right.

Mr. ASQUITH: Even with the tariff constructed in that spirit and with that intention and by such skilled hands the net result is that we are at a disadvantage as compared with the United States of America, and we are paying 19 per cent. import duty as compared with only 13 per cent.

I should like now to say a word about the other tariff, the Australian tariff, which I think affords a still more instructive illustration of the practical difficulties which embarrass one when one comes to deal with a problem of this kind, not theoretically, but in a concrete form. Of course I recognise to the full what Mr. Deakin said yesterday. So far as our means of information will allow me, I study what is going on in Australia with very great interest; still we are not intimately familiar with all the currents of Australian politics. But Mr. Deakin explained yesterday, and I accept in full what he says—many of us have been through similar experiences in this country—that this tariff ultimately had to be rather hurried through in the last moments of a moribund Parliament with the prospect of a general election in the offing, and no doubt under those conditions things are done or allowed to pass which if the conditions were more favourable to

Tenth Day.
2 May 1907.

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PREFERENTIAL
TRADE.
(Mr. Asquith.)