Tenth Day. 2 May 1907.

PREFERENTIAL TRADE. (Mr. Asquith.)

would be a possible profit of somewhere between 90,000*l*. and 100,000*l*. to the British importer there, and to the exporter here; that is upon a trade which amounts to 20¼ millions at this moment. Our imports into Australia, taking the year 1905, were 20¼ millions. 18¾ millions of that would not be affected by the preference at all, and the profit arising from the possible foreign trade which we could capture under it, if everything went well and we secured every ounce under every one of the categories in this tariff for ourselves—the total maximum profit which could accrue to the British importer would be represented at the outside by 100,000*l*. I am not complaining for a moment.

Mr. DEAKIN: You are measuring it, and are quite entitled to.

Mr. ASQUITH: I am not in the least complaining, but pointing out these things as showing the enormous difficulties which, with even the best intentions in the world, encumber the framing of preferential tariffs. Now, I am coming to a point of the highest importance, though I do not want to detain the Conference too long. I have been pointing out from the illustration of these two tariffs, the Canadian and the Australian, the difficulties which tariff framers have who honestly desire to begin a preference in countries like Canada and Australia, which possess a protective system. It is a comparatively easy thing to give a preference when Protection is the basis of your system, because you have only to lower a duty which already exists in favour of the Mother Country, or as in the case of Australia and New Zealand, to heighten a duty which already exists as against the foreign competitor of the Mother Country. That is a comparatively easy thing to do, and you can do it without any disturbance of the foundation of your system. But just look at our case. Supposing we had to do this!—I pointed out in the early part of my remarks, why we regarded as essential that the basis of our fiscal system should be a Free Trade basis. A Free Trade basis means a system in which duties are imposed for revenue, and not for other purposes. Therefore we give at this moment to the Colonies the freest possible market that any community in the world can have. There is nothing that we can give you that we do not give you.

Sir WILLIAM LYNE: You can give us our wine.

Mr. ASQUITH: We tax everybody's wines. We do not tax your wine more than other people's. We give you, I say, everything that is possible for us to give, and under no system of preference could we give you more.

Sir WILLIAM LYNE: I am very sorry to hear it.

Mr. ASQUITH: I am speaking of facts. What you are asking when you come here and talk about preference, and suggest that we should give you preference, is not that we should give you more than at present—we cannot; we give you everything—but that we should take away from others.

Dr. JAMESON: Certainly.

Sir WILLIAM LYNE: If I had a boy, I should look after him before I looked after a foreign boy.

Mr. ASQUITH: I am not talking about the reason, which may be good, bad, or indifferent, but the question what preference can be given. I am