

duties to your own people who can grow tobacco within the British Empire. I hope, Lord Elgin, this is a question upon which you, and the other members of the Government, have not yet definitely made up your minds.

There is another matter (wine) that was referred to very fully by Dr. Jameson; and I really was surprised when the Chancellor of the Exchequer said, while Dr. Jameson was speaking yesterday, that no country had given a preferential tariff in so far as alcohol was concerned. I have before me here the reciprocal arrangement that has been entered into between South Africa under her Customs Union and the Commonwealth of Australia, and I find in that tariff, notwithstanding what has been said to the contrary, there is a differentiation made in favour of South African alcohol. That is, that although the Commonwealth of Australia are producers of alcohol themselves, having under our preferential Treaty protected alcohol for reciprocal considerations that have been given them by the Colony of the Cape of Good Hope, they are prepared to receive our alcohol at an advantage over that of foreign countries. With regard to our wine, my friend Sir Wilfrid Laurier will bear me out, that whereas wine entering Canada pays, I think, 1s. 0½d. a gallon up to 26 degrees of strength, plus 30 per cent. *ad valorem*, and wines exceeding 26 degrees but not exceeding 40 degrees are charged an additional duty of 1½d. a gallon for each degree, the whole *ad valorem* duty on Cape wines up to 40 degrees is rebated under the reciprocal arrangements we have with Canada in the case of that duty; and it is especially suitable to Cape Colony, many of our wines being of high alcoholic strength. We are relieved from the 30 per cent. *ad valorem* duty on the wines of over 26 per cent.; and our wines up to 40 per cent. are entirely relieved from the duty. That was the reciprocal arrangement entered into with Canada, and I believe Sir Wilfrid Laurier will agree with me that it is to the mutual benefit of South Africa and Canada, because we are not a wood-producing country, and surely if we require wood and lumber in South Africa, is it not better, is it not just, is it not right, that we should sacrifice something to buy that lumber from another portion of the British Dominions rather than buy it from a foreign country—every increase in their trade assisting them in competing against Great Britain in securing their hold on the markets of the world?

Mr. LLOYD GEORGE : Would you extend that to wool?

Dr. SMARTT : What I would at once say with regard to that is that I am not prepared to bring the matter forward now. It is a matter to be fully considered by the British Government; and it is a matter to be fully considered by the British people—the whole position as to what reciprocal arrangements will be to our mutual advantage; but I do say that because you may not be prepared to bring that forward at the present moment in connection with wool or in connection with food, it should be no reason to prevent your considering it in connection with wine and tobacco, and perhaps in connection with sugar, on all of which you can reduce your duties, and in each case you will assist your fellow countrymen in the Dependencies of Great Britain beyond the Seas. I might at once answer further to that, that, as Sir William Lyne has pointed out, perhaps the 1s. duty upon corn did not in any way cost the consumer in England anything extra, and I will call as a witness in favour that, the representative of India, who told us that notwithstanding the surtax upon tea in Russia, the Indian people continued to send increasing quantities to Russia. What was the reason? That the Indian people had to reduce their prices to meet the conditions which existed, and the consumer in Russia was paying nothing extra whatsoever for the tea—otherwise they could not possibly have materially

Tenth Day.
2 May 1907.

PREFERENTIAL
TRADE.
(Dr. Smartt.)