

our preference we have eliminated those articles from the preference. We do not give any preference upon British tobacco or upon British spirits.

I was at a point when I said that the Dependencies which are here represented are not in a position to accept this system of universal Free Trade within the Empire. I speak for Canada, and I think I speak for Australia, though Mr. Deakin, Sir Joseph Ward, and all others present, will be able to speak for themselves. In Canada, at present, we have only two sources of revenue, customs and excise—no other. We have no income tax and no direct taxation of any kind. Though I hold as the ideal policy, a policy of Free Trade within the Empire, even if at this moment the British Government were to tell us: "Yes, we are prepared to give you a preference; that is to say, we are prepared to give Free Trade all over the Empire," I would not be prepared, for my part, to accept it. If we had Free Trade within the Empire we would have thereby the preference which we all seek for. Our goods would come free, the goods from other countries would become subject to taxation or duty, if I may use the term which Mr. Deakin prefers, and therefore we should have freedom from taxation in the British market. But if the British Government were to tell us in Canada: "We are prepared to adopt Free Trade if you are prepared to adopt Free Trade, and that will give you the preference you seek," I should have to say for Canada that we are not prepared to do that because we must insist upon our system of customs duties in order to raise our revenue. If we were to go and ask the Canadian Parliament or people to abandon their present system of present customs duties for revenue purposes, the whole of the Canadian people would say: "No, we are not prepared to do that. We must insist upon our present system." What is true of Canada, I think, is also true of Australia; I think is also true of New Zealand; I think is also true of Newfoundland, and also of the Cape, Natal, the Transvaal, and of every Dependency which is here represented. There is the situation. We knew it in 1897, when we adopted the system of preference which we have given to Great Britain. Why did we do it? We did it because we were intensely convinced in the country which I represent that a great advantage would accrue from preferential trade within the Empire. We could not do it in any other way. We gave our preference to the British products in our country. We did it deliberately, and have had no cause to regret it since. So little cause have we had to regret it that, whereas in the first instance the preference was only 15 per cent., one or two years later we increased it to 25 per cent., and, again, have increased it since to 33½ per cent. We have revised the tariff during the present Session, or the last Session, which closed a few days ago, and we have maintained our preference of 33½ per cent. with one or two exceptions only on limited articles. We have in some cases increased it, and in some cases decreased it; but on the whole, we have maintained the 33½ per cent. That has been adopted without any serious challenge even on the part of the Opposition. Then why have we done it? We did it because we believed in the system of preferential trade, and believed, and now know that, by adopting this system, we would improve our trade, that is to say, we believed that the British people would buy more from us and we would sell more to them, and that has certainly been the result of it.

Mr. Asquith in the course of the remarks which he offered the other day I think did not give the Canadian preference the whole of the benefit to which it was entitled. Discussing our tariff, as it has existed for the last 10 years, he remarked that the incidence of protection so far as regards British trade and American trade was 13 per cent. with regard to British trade, and 19 per cent. with regard to American trade. I do not dispute those figures, but those figures are not exactly leading to a proper appreciation of the policy which we have elaborated. We have done everything that we

Twelfth Day.
7 May 1907.

PREFERENTIAL
TRADE.
(Sir Wilfrid
Laurier.)