

similar suggestions. Mr. Lloyd George generously admitted in his interesting and able speech that mutual trade has its advantages, and that any proposition for its extension requires to be kindly and sympathetically handled. So far as his own position permitted him I think he did handle it sympathetically. I regret that at the conclusion his substitutes for preference were not more positively defined. We are still left in complete uncertainty in regard to his intentions except from a very general indication. But I quite recognise that the tone of his remarks indicated an anxiety to find a means wherever means were possible to him. I regretted to notice, therefore, that the Under Secretary of State for the Colonies, like the Chancellor of the Exchequer, although repeating the same view, did place another accent upon it. He seemed to convey the idea that the way even for practical experiments, for practical tests of the smallest, the simplest, and most tentative kind, is absolutely barred by reason of certain beliefs which they entertain in regard to what they call the laws of political economy. That is unfortunate, because it makes argument useless; it brings you right up against a wall. When a man is prepared to argue on the facts and from figures, as the Chancellor of the Exchequer did at great length and for the greater part of his address, you have something which appeals to one's judgment, and to which you can hope to make some kind of reply dealing with the same kind of material, in the hope of convincing him; but there is no hope of convincing a man who starts out with an orthodox faith which tells him beforehand what can or cannot be done and what can or cannot be believed, which makes everything not included in that faith heterodox unbelief, neither to be weighed nor balanced, but to be banished to the nethermost pit. That kind of dogma forbids argument, or even if argument is employed makes it absolutely useless. I hope we bring an open mind to this question ourselves. We have been asked what we will do if Free Trade is proposed to us. All I can say is, we should argue the question out on its merits. For my part, if the Imperial Government at any time said: "We are prepared to enter into complete free trade between ourselves and the Colonies, and to impose a tariff against the outside world," I should say that it is a proposal, if put into practical shape, which would be worth the very best consideration of all the Dominions. Everything would depend on the tariff which was intended to be imposed against the outside world. That is the first point. In the second place, almost everything would depend upon the capacity of each part of the Empire to supply the void which would be made in its finances by the loss of the customs' taxation upon which at present we all rely. Apart, therefore, from our own industrial development, such a project would mean a revolution in Colonial systems and methods of taxation.

Mr. LLOYD GEORGE: Exactly, as preference means a revolution in our fiscal methods—there is no doubt about that. It is perfectly clear if you put a tax upon corn, you have to put a tax on every foreign commodity that comes into this country. Our system would be revolutionised. Instead of being a system of what we call Free Trade, it becomes a Protective system.

Dr. SMARTT: But you had a tax upon corn, and the argument shows it had no effect in increasing prices

Mr. LLOYD GEORGE: I know, but we had to take it off. Even a Conservative Government had to take it off because they recognised the impossibility of keeping up a tax of that sort without putting it on all round

Twelfth Day.
7 May 1907.

PREFERENTIAL
TRADE.
(Mr. Deakin.)