

give an enhanced value to the goods which were admitted into the country, but the added value, in the case of the duty, would be paid into the Exchequer, whereas the added value, in the case of the license, would merely go into the pocket of the person who obtained the license.

Finally, it was felt that if a system of licensing were adopted it would throw on the licensing authority a duty which was far too invidious to be borne. The license would have to be granted in two cases—either if the Empire supplies were inadequate, or if the prices were being raised unduly. We felt, first of all, that it was difficult, and indeed impossible, to assess accurately the supplies which would come forward. We also were faced with the kind of difficulty as to whether you were to exclude chilled meat if frozen meat were available.

But we had an even greater difficulty, perhaps, than either of those. That difficulty was the impossible position in which the licensing authority would be placed, whether in granting or refusing licenses. If it granted licenses, all the producers, whether here or in the Dominions, would say, "Why have you granted these licenses?" If, on the other hand, the licensing authority refrained from granting licenses, you would have the consumers saying, "Prices have risen. Why are you not granting licenses?" That would create a situation which would give a maximum of friction; you would have none of the certainty of a tariff, and it really might prejudice the whole scheme of Imperial development.

Again, there was the impossibility of fixing what would be the price factor which would govern the grant of licenses. If the quantity you admit were sufficient to make the world price effective, then no benefit would come to the Empire producers. If, on the other hand, the Empire price was to govern the price of the relatively small proportion of foreign supplies, no competition is introduced, and therefore you would be in an impossible situation in trying to settle any rule by which you should license on the ground of prices. For all those reasons we came to the conclusion that it was quite impossible to recommend a system of import licenses.

State Purchase and Price-control.

Then we went on to State purchase. Well, State purchase obviously means import licenses with all the difficulties they involve, plus a State Purchase Board and price-control. Under any licensing system you would have to have that State purchase, because the State could not risk finding itself short of supplies. Moreover, if you once began to control imports by licensing you would have an irresistible demand for price-control, and a very cumbrous and expensive machinery set up. Therefore we felt that the purchase scheme was tantamount to prohibition, coupled with an equivalent to export licenses, and therefore it was open to many of the objections which applied in the case of licensing and to certain others. The experience in different parts of the Empire of control made it clear that it was impossible, in a system of control, to let quality govern price. You have to have rules and regulations, and while you might charge different fixed prices for different cuts of meat, and so on, yet you would have to fix limits which did not let the ordinary question of quality as between this or that thing to be sold to govern the price.

We also had found—all of us, I think, who have tried control of prices—that it was very costly; that when you came to fix your prices you always had to fix them not by the most efficient producer, but very nearly by the least efficient producer, and some of the margins which exist to-day between what the producer gets and what the consumers pay are the remnants of a system of control where margins were fixed higher than competition would have fixed them, because you had to take into account the least efficient producers or the least efficient sellers.

We also felt it was not feasible to confine price-control to any one stage. Once applied it would become necessary to extend to all stages, and you might very well arrive at a position in which the State was driven into the necessity of taking over every phase of the business of marketing.

Adoption of Report moved.

Therefore we felt bound, all of us, to report to the Conference, after very careful consideration, that these methods were impracticable. But although this is not strictly within our terms of reference we certainly felt, and we felt we ought to say to the Conference, that the matter did not end there, and that there were many things short of these impracticable systems where we could usefully get together. I would like to read to the Conference what we felt it was not inappropriate to add to the report:—

"While for all these reasons the Committee have felt compelled to reject all the alternatives they have been asked to consider, they emphatically agree that it is in the interest of both producer and consumer that profit margins should be as small as is reasonably possible. This is a common interest of the Home and the Dominion producer.

"The Committee, therefore, strongly recommend the closest co-operation, alike between Dominion Governments and the Home Government, and between Dominion producers' organizations and Home organizations, in concerting and carrying out any action which is possible for improving the marketing of Empire agricultural produce, including the provision of further statistical information."

It will be observed that it is relevant to the decision taken by the Conference yesterday to establish an Economic Committee. It seems to be exactly the kind of question which that Committee might very well take up.

Well now, gentlemen, that is the report that we have made on the three points referred to us, and as we were all unanimous upon it I would move its adoption. There may be some points that members of the Conference would like to raise on it. I think, therefore, we had better take the adoption formally at the end.

Increase in Tobacco Preference from One-sixth to One-quarter.

May I now proceed to certain points under tariff preference? We invited discussion on the proposals we had already tabled with regard to increased preferences, and we have also gone into the