

In this connection the following points should be noted :—

- (a.) The extreme difficulty of assessing accurately the supplies that are likely to be forthcoming, and therefore the additional supplies to be admitted from foreign sources.
- (b.) The further difficulty, in the case of meat, of deciding whether chilled meat is to be excluded if alternative supplies of frozen meat are available. A gradual replacement of chilled meat by frozen would not provide a solution of this dilemma.
- (c.) The licensing authority would be placed in an impossible position, in which it would be assailed by consumers for refusing licenses, and by Home and Dominion producers for granting them. The maximum of friction would result, and the whole scheme of Imperial development would be liable to be prejudiced.
- (d.) Difficulty would arise, from the point of view of price, in determining what amounts of produce should be admitted, and at what price-level the market was to be stabilized. If the quantities admitted were sufficient to make the world price effective on the Home market, no benefit would ensue to Empire producers; if not, the Empire price would govern the price of the relatively small proportion of foreign supplies.

6. *State Purchase.* As previously mentioned, the Committee consider that the proposal for import licenses (and, indeed, any system of prohibition) would involve a State Purchase Board and price-control, inasmuch as—

- (a.) The State could not risk finding itself short of supplies, and would therefore be compelled to maintain stocks in reserve, at heavy expense and with considerable risk of incurring losses.
- (b.) Control by limitation of imports would create an irresistible demand for price-control. It has been suggested that consumers might be represented on the controlling authority. If so, experience goes to show that price-control would be one of their first demands, and the setting-up of cumbrous and expensive machinery would become necessary.

The purchasing scheme is tantamount to prohibition, coupled with an equivalent to import licenses. But State purchase is open to many of the objections enumerated above, and in addition to the following :—

War-time experience has demonstrated that, under control, it is impracticable to let quality govern price, since the variety in quality is too great for the controlling authority to be able to take accurate account of it. Thus, in the case of meat-control in Great Britain it was not found possible to differentiate in price according to varying quality for the same cuts of meat.

Control is also costly, in that experience shows that the profit margins fixed must be governed by the least efficient elements in the controlled trade. Present-day margins (in so far as they are excessive) are in no small measure a relic of the wide margins which it was in this way found necessary to establish under control.

Nor is it feasible to confine price-control to any one stage. Once applied it becomes necessary to extend it to all stages. Indeed, ultimately the State might find itself involved not only in control, but in the necessity of taking over every phase of the business of marketing. And, having done so, it would probably find that margins had increased rather than diminished in consequence.

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.

Signed on behalf of the Committee.

P. LLOYD-GREAME, Chairman.

25th October, 1923.

IMPERIAL PREFERENCE IN PUBLIC CONTRACTS.

The discussion of this subject was begun at the Sixth Meeting, held on Wednesday, the 10th October, 1923.

Existing Practice of British Government.

The Chancellor of the Exchequer, in opening the discussion, observed that while Imperial preference included preference to the home supplier, and while, so far as the requirements of the public Departments were concerned, they were to a large extent met by manufacturers and producers in this country, the broad principle which His Majesty's Government had adopted was that in public contracts an effective preference should be given to goods produced within the Empire as compared with foreign goods. Early in 1919, following on a discussion in the Imperial War Cabinet, a circular instruction had been issued to all Government Departments, and this had been followed ever since.