

The Problem of Marketing : The Instance of Cocoa.

Now let me come from the specific preferences to the general question which was raised by the Committee which went into Mr. Bruce's propositions, and the general discussion that has taken place on that this morning. I have been receiving in the last few weeks representations from the cocoa-producers of West Africa and elsewhere with regard to the extraordinary disparity between the price of cocoa and the price to the consumer of chocolate in this country. It is the same story as, I think, Mr. Bruce instanced this morning of the 3½d. and the 9d., only in a very aggravated degree. I think it is a subject which, together with all these questions, should be examined by the Economic Committee as to what is the cause of this great disparity between the price to the consumer and the price to the producer.

High Rate of Taxation responsible for High Prices to Consumer in Britain.

If I may say what I feel about it, and the answer which I give to my inquirers, I say this : that the main reason why there is a great disparity of price to the consumer in Great Britain and the amount given to the producer in the Dominions and the colonies is the high rate of central and local taxation in Great Britain. The distributor, whether wholesale or retail, in this country has got to pay income-tax and rates which are out of all proportion to what he used to have to pay before the war ; and the whole of that direct taxation is taken out of the consumer, and always will be. It is not the result of any ring or any association or any agreement between the distributors in this country ; it is what every shopkeeper and every distributor is doing up and down the length of the country. Where you have got a country which is burdened with a high rate of direct taxation, especially a tax like income-tax, you necessarily get that reflected in the price to the consumer. I know case after case where the ordinary shopkeeper has to pay treble, quadruple—even more than that—what he did before in taxation, local and central. He has got a restricted trade owing to the depression. How does he do it ? By putting more on every article he sells. And it is high taxation, it does not matter what form it takes, you may call it the taxation of the rich, and it falls on the consumer and is passed on. That is the main cause, to my mind, and one of the chief difficulties in the adequate development of the markets of Great Britain to-day—the enormous burden of taxation which we have got to pay for the war, for the maintenance of our unemployed, for the payment of the American debt.

Appeal for Inclusion of Colonies in Preferences granted by Dominions.

Now may I say one word about Mr. Bruce's resolutions ? I hope that those resolutions will include in the consideration, not only of Great Britain but of each Dominion, the colonies and protectorates. I hope that where he says "the development of the resources of the British Empire as a whole" it means "as a whole," and that where it is possible for the Dominions to give preference to colonies and protectorates in the early stages of their development each Dominion will be able to feel that the colonies and protectorates are just as much their estate as they are the estate of Great Britain, and that they will share in their development. Whether it is Fiji, whether it is Mauritius, whether it is East Africa or West Africa, I hope that, as has been done already by Canada in the West Indies, the preferences which are given by one Dominion to another, and by the Dominions to Great Britain, or *vice versa*, will be extended, as they are extended to-day by Great Britain, to the produce of the colonies and protectorates. I believe that we have in the coming century in the colonies and protectorates a market—I admit not as great a market immediately as the great white Dominions overseas—but, at any rate, a steadily developing market, and that it would be in the interests of the Dominions, as of Great Britain, to get into those markets, to get the use of their special raw materials, and to develop trade with them. Inter-Imperial trade, and a further extension of the policy of Imperial preference, will, I believe, include in an increasing degree the colonies and protectorates, just as I believe that in an increasing degree the colonies and protectorates will give preferences in return.

I cannot say more in specific detail than that, but as far as I can see the colonies and protectorates will be most ready to do all they can, subject, in the case of tropical Africa, to the very serious limitation imposed by the Berlin-Congo Act and the subsequent international treaties, to give full effect to the policy laid down in both resolutions.

In the course of further discussion of the draft resolution moved by Mr. Bruce, the Chairman said that he thought there was no doubt at all that the policy of preference was going to be a permanent one. He said, "I think it is inconceivable that in any part of the Empire the principle of preference, established and acted upon as it has been, should not go forward." I also think, if I may say so in passing, that it is of great importance that where preference is given it should be given in respect of a genuine product of the part of the Empire which it is intended to benefit, that if it is a preference given by a Dominion it is intended to be given to benefit British undertakings and British work, and in the same way where British preference is given it is intended to benefit the workmen of the Dominion and the people who will put their capital in the Dominion to set up factories, and not merely to benefit an *entrepot* of trade. I believe that is the general purpose of all of us in carrying out preference.

Well, at this Conference, as it seems to me, we have gone further than we ever have before, and I think anybody who believes in the policy of Imperial preference would indeed be a pessimist if he ventured to predict that what has been done as the result of this Conference is the end. I think there is great force in what has been put by Mr. Bruce and others, that people in all parts of the Empire want to know and to see what the possibilities are, what the facts are, and what results can be obtained if this policy is carried out much more extensively even than we are carrying it out as the immediate result of the Conference. At an earlier stage of this Conference I said that I thought