

Canada's View.

Mr. Graham said that he could readily understand the difficulty of laying down any fixed stated percentage of preference. There must be flexibility. The interests of the taxpayer, in the part of the Empire dealing with preference, must be considered. It was essential, in his view, that the business men or those interested in every portion of the Empire should be given an opportunity to tender. He was strongly in favour of each part of the Empire—everything being approximately equal—giving a preference to every other part.

War Office Meat Contracts.

Lord Derby said that the War Office fully intended to give every possible preference to Empire goods. He assured the Conference that they took the whole of their frozen meat from Australia and New Zealand, and with regard to preserved meat he quoted the opinion of a deputation from the Commonwealth of Australia that the War Office had given the Dominions every consideration in connection with a recent tendering for preserved meat, over which there had been a publicity campaign adverse to the War Office. He pointed out certain difficulties in the way of giving preference which would be removed if the Dominion High Commissioners were able to have a guaranteed list of firms whom they could recommend as sure to carry out a contract, and on whose behalf they would be able to sign if they were not otherwise directly represented in this country.

Principle already in operation in Australia, New Zealand, and South Africa.

Senator Wilson said that the principle of preference in public contracts was already in operation in Australia, and that public bodies there gave preference at all times to goods produced within the Empire. Quite apart from the question of the legal aspect of the tariff, the sentimental value of the preference given by Australia to Great Britain was estimated to be in the vicinity of £2,000,000, and he, personally, thought that that figure was considerably underestimated.

Mr. Massey said that New Zealand had been working on the principle of preference in public contracts for a long time past.

Mr. Burton found himself in substantial agreement with what had been said by the Chancellor of the Exchequer and by *Mr. Graham*. In South Africa preference had been given for some time past. He pointed out that on previous occasions this subject had been discussed and general agreement arrived at, but it had not been thought necessary to take any resolution. As they were all in agreement about the principle, it was really only a question of carrying it out. He thought it was unnecessary to pass a resolution, but would be glad to examine any proposal which might be submitted.

Mr. Riordan said that he did not desire to express any definite views in this subject; that a Fiscal Inquiry Committee had been appointed by his Government and was sitting at the present moment; that until the Committee referred to had concluded its investigations, and reported, and the Irish Free State Government had considered the report, the Irish representatives at the Conference must reserve judgment concerning questions of tariffs, Imperial preference, and matters such as these.

Mr. Warren also expressed himself in favour of the principle of preference, which was in accordance with the practice of Newfoundland.

Difficulties to India's Acceptance of Resolution.

Mr. Innes said that two distinct classes of cases were indicated. In one the raw material itself was the subject of a contract. That case did not cause much difficulty in India, as most of their raw materials required for such contracts were obtained in India. Still, there were difficulties, as instanced by the case of sugar. They could not grow all the sugar they required, and large quantities were imported from their nearest neighbour, Java. Owing to the geographical situation of India, expenditure on the Army in India swallowed a very large portion of their revenue, and they had had to take very drastic steps recently to reduce that expenditure. The Army required large quantities of sugar, and the Government of India in such circumstances would not be justified in incurring increased expenditure by purchasing their imported sugar from within the Empire at a higher cost than Java sugar.

Procedure for Purchase of Indian Government Stores.

That class of case, however, presented much less difficulty than the case in which the raw material involved was only an ingredient in a manufactured article. The Government of India were required by rule to buy their imported stores through their Store Department in London which was under the control of the High Commissioner for India. Such purchase was on a very large scale, involving annually many millions of pounds, and they had had to lay down the rule that purchases must be made in accordance with strict business principles. In other words, the High Commissioner had to accept the lowest satisfactory tender; not necessarily the cheapest tender, for he had been given wide latitude to take into consideration such matters as ease of inspection, reliability, and other matters of a similar character. Owing to the superiority of the British manufacturer the practical result had been that between 90 and 95 per cent. of the value of purchases made through the High Commissioner during the past year had been expended in England on articles produced by British manufacturers. As a result of the debate which took place recently in the House of Commons the action taken by the Government of India in that matter had been endorsed by the House without a division.

There were, further, practical difficulties in the way of carrying out instructions to use only Empire materials in manufacture. They would find it very difficult to satisfy themselves, for instance, that only Empire-produced manganese had actually been used in a girder, or that linseed-oil used in the manufacture of any particular paint had been produced within the Empire. The work of their Inspectors would be very seriously complicated by such instructions. Any resolution which they might wish to pass to that effect would be unworkable in practice.