

years reduce the American exports to that country by \$75,000,000, but this really is nothing more than a guess.

An important repercussion of the Ottawa Conference on international trade lies in the fact that it appears to have sounded the death-knell of the most-favoured-nation clause in commercial treaties. In the past, Imperial preferences have been considered as exceptions to most-favoured-nation treatment, and this has met with no great objection because the extent of these preferences have never amounted to very much. Now, however, that the Dominions, with all the status of separate nations, have arranged between themselves tariffs of the most fundamental importance and which cannot be extended to other nations, this becomes a practical breach of the most-favoured-nation principle, and makes the system completely unworkable. Whether, however, the demise of the system is a good thing or a bad thing is a matter of some debate. Until a few years ago, the unconditional most-favoured-nation clause was held in much favour, chiefly on account of the fact that it simplified tariff making, removed discrimination, and tended to restrict the level of the barriers. Recently however, it has fallen into disfavour due to the fact that, although in periods of low or medium tariffs it tends to a further lowering of the level, in times of high tariffs it tends to restrict the arrangements of reciprocal agreements. One country might be prepared to make a certain concession if it applied only to one other country, but would hesitate if the concession had to be extended to all the nations with which it had most-favoured-nation agreements, and might in many cases bring forth no reciprocal benefits. A practical illustration of the difficulties that can be caused by the favoured-nation principle is to be found in the negotiations that have recently been taking place between Great Britain and the Scandinavian countries. The British Government and the British textile industry would like a reduction in the tariffs on British textiles, but any such reduction would have to be extended to all the nations having most-favoured-nation treaties with the Scandinavian countries, and would therefore result in an inrush of cheap lines from Central Europe, and in many instances would do more harm than good to the British industry.

Another effect of the Ottawa agreements is that they have established the system of a quota that is fixed for a fairly long period of time, whereas previously quotas had been generally considered as temporary measures. Critics complain that a quota breeds discrimination and restriction of trade, and can at best only be justified as a temporary expedient.

One cannot gauge the statistical effects of the Ottawa agreements either on inter-Empire trade or on trade with foreign countries. The following broad conclusions, however, stand out. The preferences - considering them in the form in which they stand at the moment - have increased inter-Empire trade, but only by taking the trade away from foreign countries. They have done little towards turning trade within the Empire into more economical channels. Moreover, the reductions in tariffs that have taken place have not been sufficient to increase to any appreciable extent the general consumption of goods. Therefore total trade of the world cannot have been increased by the agreements; at the best it can only have been redistributed. Whether it has been redistributed without loss or has suffered an actual diminution is hard to tell, but in view of the fact that industry has a certain rigidity, and cannot expand or contract at a moment's notice it would seem that not all of the trade will transplant successfully, and some of it will die in the process. Some people may argue that even if the total world trade has been decreased, it is possible that the Empire will have gained a sufficiently increased proportion of it to offset the amount that is lost in the reduction of the total volume. This could only be true if the total trade of the Empire (i.e. the trade of Empire countries with