

ing down my fiscal proposals was 30 per cent, and that the British preferential tariff was 20 per cent. On \$100 worth of goods brought into this country what would have been the preference in favour of the British manufacturer? Ten dollars. Increase the general rate by $7\frac{1}{2}$ per cent, make it $37\frac{1}{2}$ per cent, and increase the British preferential rate by 5 per cent, making it 25 per cent, and how much now has the British manufacturer by way of advantage over his foreign competitor? **Twelve dollars and a half as compared with ten dollars which he had before.** Hon gentlemen will say: You block them from coming into the country. Take the free list alone, amounting to about \$25,000,000 of goods coming in from Great Britain. Nobody supposes that a tax of 5 per cent. is going to prevent the Canadian people from buying these goods. If hon. gentlemen opposite put forward their contention—and I am not controverting it—that the consumer pays the tax, I say that upon this list of goods formerly free and now subject to this increased duty the people of Canada will pay the tax, and they will pay it gladly because they know its purpose and object.

What is preference? Preference is the advantage which one nation enjoys in the markets of another as compared with competing nations. Any one knows that who knows anything about fiscal matters at all. Now, the list of free goods representing importations from Great Britain of \$25,000,000—take these alone, to say nothing of the others—and what was the position before I brought down my fiscal proposals? The position was that the British manufacturer was competing on even terms with foreign nations in this market. What is the position to-day? **The position to-day is that we have increased his preference, and he is in a better position with regard to those goods than he was before February 11, 1915.** That statement cannot be controverted. It is absolutely axiomatic; it is the truth, and the people know it is the truth.

There is another fact in connection with this matter that I would commend to the consideration of the hon. member for Red Deer, my fellow economist in this House. We are increasing our exports to Great Britain, and I hope we shall continue to do so. The hon. member for Red Deer will not deny that if we increase our exports to Great Britain, we will necessarily increase our imports. Apart from the dislocation of ocean traffic caused by the war, no man need tell me that the fiscal measures which I have introduced will be any obstruction to British trade with Canada; I say the result will be quite the contrary. It is true that if our merchant marine is not on the sea; if our ships are commandeered or requisitioned, as they were last fall on the Atlantic and on the Pacific, as was pointed out by the hon. member for Vancouver (Mr. Stevens), there will, of course, be interruption of trade. But that interruption of trade will not be due to my fiscal proposals; it will be due to the war, and primarily to the German Emperor, for whose acts I must disclaim responsibility.

RAISE ONE, RAISE THE OTHER.

I am going to assume that hon. gentlemen opposite are absolutely sincere in the contentions that they put forward in this House. My right hon. friend said: why did you raise the British preferential rate? Any hon. gentleman on the other side of the House who has studied the subject knows that **if we raise the general rate we must raise also the British preferential rate.** Take the case of iron and steel manufactures. I ask the attention of the hon. member for Pictou (Mr. Macdonald) to this point. They have to pay duty on ore, coal, coke and other materials; I explained to the House why I had to levy a tax on raw materials. Will