

111. A further and more serious difficulty will be the reluctance to grant fixed margins, to undertake to maintain a definite and specified preference for Dominion over foreign imports. Nearly all the recommendations of the Committee assume such fixed margins, and clearly it is to the Dominion producers' interest to have an assured margin, and if possible an assured duration, of preference. Yet clearly it will be difficult for the United Kingdom to give any such undertaking if she plans, as she does, to negotiate trade treaties with foreign countries, particularly Argentina, Denmark, Holland, Sweden and Norway. In Sir Arthur Salter's words, "If the Ottawa agreement is based upon an understanding, or an engagement, that we shall maintain high tariffs against foreign countries, we shall have completely lost our bargaining power.... The only way to avoid this difficulty is to make any agreement in Ottawa in a form which definitely leaves us with the right to offer the removal or reduction of tariffs in favour of such foreign countries as offer us reciprocal advantages". Mr. Thomas declared on June 24th: "We cannot afford to enter into agreements at Ottawa, however favourable they might be otherwise, which will cut us off from our foreign trade". The United Kingdom will doubtless be prepared to undertake to grant us a preference over reciprocating foreign countries, but in order to undertake to give a fixed preference in agreements reached at Ottawa, it would require: (1) to be convinced that it was in its interests to tie its hands in this way, (2) to have worked out already, as regards the articles in which the Dominions are interested, at least three definitely fixed tariff schedules (preferential, intermediate or bargaining, and general), and (3) to be prepared, if the full Dominion demands were to be met, to make the intermediate tariff sufficiently high to turn a great part of the trade to the Empire, with the general tariff still higher - not easy to concede on raw materials and foodstuffs. There is some ground for believing that the United Kingdom Government has