

making out of the British Empire some kind of imperial economic unit.

The Prime Minister, when he came back from England last December, talked about an end to the idea of the empire being a political unit. He said we must now seek to make of the empire an economic union; the term "economic union" and "economic unit" are interchangeable. The mere fact that the Prime Minister made that statement, and emphasized so strongly that the empire was no longer a political unit but must now become an economic unit, made me think at the time that, like the lady in Hamlet, he "doth protest too much."

I think what the Prime Minister has in mind is this very conception of the empire as an imperial economic unit. That is the significance, I believe, of the three per cent excise tax imposed by the combined impositions of the last and the present budget. I think what the Prime Minister is aiming at is to bring into being when the conference meets here, with the aid of others with whom no doubt he has already conferred, some kind of an imperial Zollverein whereby there will be imposed so far as all the dominions and Great Britain are concerned, an innocent looking little tax like this three per cent excise tax in order to unite them all in a manner which will also serve to separate them all from the rest of the world. The effort will be to have a similar tax imposed by Australia, New Zealand, South Africa, Newfoundland, the Irish Free State and Britain, to apply against goods coming in from foreign countries; so far as trade within the British Empire is concerned the effort will be to have it agreed that this tax will be wiped out by each part against the others. Or as an alternative means to the same end, a corresponding reduction made by each in its existing schedules. The country will then be told that within the empire tariffs have been lowered. If that is his objective, may I say that that will raise a very, very large question, one of the most serious questions ever raised in this country, because along with that idea is associated the conception of some form of fund—to be jointly and centrally administered; at one time the effort has been to create such a fund for the purpose of imperial defence, at another for the purpose of imperial organization, at another for the purpose of imperial marketing; it will be said to be, at this conference, for the purpose of imperial development. Always there has been some little fund to be devoted to imperial purposes. This time it will be to carry out this idea of making the empire a self sufficing unit. The proceeds of the 3 per cent excise will be the

[Mr. Mackenzie King.]

contribution to be made to the common fund. Once an economic unit is thus established, it is evident that to carry its policies into effect there will have to be something in the nature of a central organization at headquarters to administer the affairs of an economic empire; and the moment centralized policies are discussed there is an immediate return to the political empire which the Prime Minister says we have now got away from. Well, if we have got away from the political empire, do not let us attempt at the conference, or at any other time to bring about an empire that is to be centralized for economic purposes, because that will work just as much injury to the interests of the empire as the other kind of centralization will. So far as the empire's interests are concerned they will best be served by allowing each part of the empire to continue to enjoy complete freedom of fiscal control, a fiscal freedom just as complete as each part enjoys at the present time.

May I conclude by stating the positive course which I think ought to be taken by the government at the conference? That course, adopted in Canada thirty-three years ago, of giving a voluntary preference to Great Britain, was introduced in the year 1897 by Sir Wilfrid Laurier and Mr. Fielding. A preference of 12½ per cent was then given to Great Britain. The next year it became 25 per cent, and shortly afterwards 33½ per cent. When the late Liberal government was in office that preference was increased still further by a ten per cent discount on commodities, under the British preference coming into Canada through Canadian ports.

Hon. gentlemen opposite have sought to convey the impression that that preference was something given to Great Britain without benefiting Canada. That, however, is not the case. The preference was given in the form in which it was because Canada felt she would gain in trade, that trade itself was in the nature of valuable exchange, and would not exist unless it were beneficial to both parties. Through that arrangement Canada was giving a distinct advantage to her consumers in the cost of living and a distinct advantage to her basic industries in the matter of costs of production. Moreover, Canada was doing something to hold a good customer, a customer who was taking five times as much from her as she was getting from Canada.

As Sir Josiah Stamp said in his address, let us not seek to estimate the value of relations within the British Empire on any purely mercenary basis, but let us look ahead for generations, and realize that the attitude taken to-day may have repercussions in the years