

present position. Increased markets for Britain cannot be found by looking into the Dominions alone or by adopting tariffs at home. . . . Tariffs would be absolutely disastrous to our export trade. In the first place, they must inevitably raise our cost of production; they are a direct tax upon industry when industry is concerned with the export market. In the second place, they would diminish the elasticity and the adaptability of our manufacturers to the world market; and in the third place, tariffs would be disastrous to our export trade because, if they were combined with Preferences, it would be inevitable that they would lead to the cancellation of important privileges which we receive from foreign powers."

"The combination of protection and preferences would mean the cancellation of important privileges which we obtain abroad. At present we have most-favoured-nation treatment in practically every market in the world, and the foreign nations which have granted us that treatment have not cancelled it on account of our existing preferences to the Dominions, partly because these preferences are very small in extent, and partly because our general policy is so liberal. But if we were to go in for a large-scale tariff