

"In the first place, the Conference discussed the general question of the relationship between intra-Commonwealth preferences and the most-favoured-nation clause in commercial treaties with foreign powers. Each Government will determine its particular policy in dealing with this matter, but the representatives of the various Governments on the Committee stated that it was their policy that no treaty obligations into which they might enter in the future should be allowed to interfere with any mutual preferences which Governments of the Commonwealth might decide to accord to each other, and that they would free themselves from existing treaties, if any, which might so interfere. They would, in fact, take all the steps necessary to implement and safe-guard whatever preferences might be so granted."

Another controversial point is whether it is constitutional for the government of Great Britain or of any of the Dominions to bind its country not to reduce certain taxes during a certain period of time, and the opposition parties both in Great Britain and in Canada have stated that in the event of their assuming power within the next five years they will not consider themselves bound by these agreements. This matter lies chiefly in the political field, but it is of economic importance to the extent that it may affect the term of the agreements. However, it should not be over-emphasized because it is obviously entirely problematical whether any of the governments within the Empire will be defeated before the terms of the agreements have expired.

Whatever may prove to be the solution of these doubtful points it is quite clear that the agreements provide substantial obstacles to any international bargaining on tariff reductions.

A recent article in the Montreal Star gave a list of commodities in which Canada would be free to negotiate with the United States - or for that matter with any other country. This list included among other things a large field of electrical appliances such as stoves, vacuum cleaners, toasters, etc; mining machinery; lumbering and logging machinery; power equipment and electrical office equipment. We are also free to bargain in citrus fruits and in secondary and tertiary products of iron and steel, which includes such items as nuts, bolts, nails and hinges. Nevertheless the exclusion of coal, primary iron and steel products, cutlery, radio and telegraphic equipment, etc. certainly narrows the field very considerably. In any negotiations between the United Kingdom and the United States much would depend on the solution of the discussion between the United Kingdom and Canada as to whether the former is permitted to lower her duties on any foreign goods, with the exception, of course, of those specifically mentioned in Schedule "C" of the agreement.

Coming to the Scandinavian group, these countries are prepared to offer to Great Britain preferences on coal, but in return Norway wants concessions in fish and Sweden in timber, and in both of these commodities Britain is precluded from lowering the preference on Empire products. In any negotiations with Argentina wheat would be a central item of the bargain, but here again Britain is debarred from making any concessions, for the foreign duty on wheat forms part of the Ottawa agreements, and is therefore regulated by the five year term.

It is true, of course, that the agreements do provide for modification before the end of five years, but only after consultation by the governments concerned. The practical value of this clause has been doubted by many people, and it certainly would involve grave difficulties. An interesting point in this connection was put forward recently in an article in the London "Times" by their correspondent in Copenhagen, who