

Ninth Day.
1 May 1907.
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PREFERENTIAL
TRADE.
(Mr. Deakin.)

gains to be derived from more business between the Mother Country and the Colonies, I have followed the percentage system as one from my point of view more accurately representing the trend of the distribution of that business between the Mother Country and foreign nations. There has been an increase in the gross total of both, but it is only by comparing them thus that we arrive at the true view which I was endeavouring to reach.

My argument, as far as I remember it, when our proceedings yesterday closed, related to the possible effect of preferential trade not only upon ourselves, but upon those with whom we do business. If a fair proportion of the 565 millions sterling, which is Britain's vast outlay for imported goods, came to British Colonies, it would tend greatly to increase their wealth and strengthen the British and Colonial navies, and the Empire as a whole. British manufacturers are the greatest consumers of Australian raw produce, and their prosperity means the promotion and development of the Commonwealth, while the success of the foreign manufacturer does not necessarily benefit the Australian producer. In the consideration of this question it should be borne in mind that foreign countries would, if it were possible for them to do so, follow America's example, and shut out from their markets the raw material which we now send them, while by heavy subsidies and other means, they are already ousting British products from our markets. The intensity of the contest for markets on fair terms between the nations to-day is but one phase of a contest for influence and authority, for prestige and effective power, which proceeds day by day and year by year with increasing energy. It is a wrestle between rivals for supremacy—a supremacy accompanying the expansion of the successful Power—an expansion which means a corresponding contraction of its competitors, means of resistance, the depression and deprivation of their trade, and perhaps ultimately their absorption or extinction.

There is, of course, no complete analogy between the proposals for preferential trade within the Empire and the trade arrangements and conditions of other countries, but then, again, no empire ever existed which really resembles that of Great Britain in its present stages of development. There is, perhaps, some slight analogy in the German Zollverein. This Zollverein was established because the producers of the different German States found that they were suffering from the policy of isolation which each of them then followed. They had erected tariff barriers between their purchasers which prevented them from becoming one people—a nation with a national policy and inseparable destiny. A customs union throughout the Empire was, therefore, brought into existence, and the foundation was thus laid for the present German developments, industrial, social, and Imperial. It is true that the German States all lie together, but this does not in any way impair the principle of Preference or the effect of its operation except so far as distances amend it, and these, nowadays, are practically diminishing every decade. As Lord Salisbury pointed out in 1887, the mere separation by sea is no permanent obstacle to commercial unity.* It must never be forgotten that under existing conditions, and while they last, the purchasing power of the British Empire is immense, and the possession of this purchasing power—to which I venture to make one more illusion—is the potent instrument by which we believe justice can be secured to British goods and the goods of British Colonies; that is to say, if the whole of the British Empire were to combine. The want of unity of the different parts of the Empire enables foreign countries to adopt various courses inimical to British interests, individual and collective, that is to say, looking at its dominions individually, or taking them as a whole. If retaliation were in prospect against foreign nations which now refuse to buy our goods on equal terms with those of other nations, the discriminators would gladly treat with

* [C. 5091] p. 5.