

the British Empire for the sake of gaining or retaining some part of its immense trade. I do not go anything like so far as to say that they would be brought to their knees, but I do go so far as to say that some of the illustrations which were yesterday put forward of the manner in which our exports are differentiated against in certain markets could not continue. So long as we are content to ignore those differences and not to insist upon at least equal treatment for our products, we shall fail to obtain the consideration which much smaller nations with a purchasing power in no way comparable to ours actually have obtained and are obtaining to-day by means of relatively inconsiderable concessions. One instance I think has occurred which will be more familiar to Mr. Asquith and his colleagues than it is to me, in which there was a proposal on the part of France, or a proposal likely to be adopted in France, which would have indirectly affected Indian trade. I think it affected coffee or some similar exports, when a strong remonstrance from the Indian Government, backed up by an indication of possible action on its part brought about an agreement in which, in return for a concession relatively quite of a minor character, this dangerous and threatening proposal was withdrawn. That occurs to me—I think something like that happened—as one illustration of a method of dealing with tariff discriminations, not as if there were no other contingency save acceptance, but in an ordinary business fashion, on familiar business grounds, without stepping outside the field of fair commerce. We are able to do that in many cases. Certainly if I sought for illustrations I could find them plentifully in the experience of other nations where concessions on one side have been balanced by concessions on the other. That is well known.

The power possessed by the British Empire over foreign nations by its possession of a great market—a market to be opened or closed to some extent or any extent—is little realised, but the most casual observer must recognise the strength of the Empire's position, which is certainly enormous, should all its component parts, combining together, use their power to meet the fiscal attacks of foreign nations upon any portion of the Empire. It is a case of all for each and each for all. This has been illustrated to some degree by the retirement of Germany from its position of antagonism towards Canada, which was assumed when Canada granted preference to the British manufacturer. So far as I understand this event, the retreat of Germany took place when it was obvious that behind Canada (to some extent, at all events) was the world-wide force of the British Empire. Bargaining between Germany and Canada appears to be now in contemplation, and whatever may be the result, it is perfectly certain that far better terms will be obtained by a Dominion or by an Empire which has shown its power to resist and its determination to meet discrimination by discrimination. The treatment intended for Canada would be meted out to Australia, if the Commonwealth were to stand alone; its trade and wealth would not be sufficient to resist aggression. By itself the Commonwealth would be ineffective to break down the barriers which foreign countries might choose to erect against its trade; combined with the Empire its position like that of every other portion might be made impregnable.

The moral right of any country to exercise retaliation cannot now be denied, and nearly every country in the world exercises it at the present time. Russia quite recently retaliated against Britain for its tax on bounty sugar by placing on Indian tea an extra duty, which duty remains in force because the Empire has not resisted it. Germany has retaliated against the United States, the United States against Germany, until an arrangement between them appears imminent. An arrangement which, whatever its nature may be, will have been undertaken as between equal contracting parties. The contracting parties are not equal while one of them on some theory of its own accord holds its hands behind its back. All foreign coun-

Ninth Day.
1 May 1907.

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PREFERENTIAL
TRADE.

(Mr. Deakin.)