

but it filtered through London and through England. I allude to this only to finish this important part of the argument. At one time there was a general belief, certainly in the minds of many people who were studying the developments and changes and alterations in trade ramifications throughout the world, and a number of us used to labour under the happy delusion, that trade followed the flag. We know from actual experience in recent years that it is a delusion. It does not follow the flag, except conditionally. Trade follows the ship, and if the British ship with the British flag is pioneer in a particular trade, or if the British ship with the British flag is trading side by side with the ship of any other country under another flag, and it is trading on equal conditions, the British will probably get a fuller proportion of the trade from those countries. It is a theoretical, fanciful, and misleading idea which used to exist, that if you find a flag on the top of a ship the commercial world will tip everything into that ship for the mere purpose of doing so. Nothing of the kind. Trade will follow the ship. The trade in the British Possessions will follow our flag as a matter of preference, and the Germans notably give their own ships a preference, and we all want to see our British merchants give our British ships a preference. The Germans have recognised to a greater extent—I say it without any depreciation of the British shipowners and merchants—than we have the power and usefulness of a ship getting into waters by the subventions they are giving to them to enable them to compete against our ships, and they draw a certain amount of trade from the countries to which they go. What do they get for it? Merchants in any part of the world as a matter of business want to save all the money they can in order to enable them to compete with their rivals, and a merchant says: “If I can ship my wool to Germany, and get certain things back, I save the rate of exchange which I should have to pay if I had to remit the cost of the purchase of those goods to Germany.” The moment you get into the position of interchange of trade between those self-governing Colonies, which are extending to an enormous extent, and put them in the position of feeling and finding that they are being handicapped in their own Empire in the matter of trade, you drive them as a matter of necessity to other countries in the same line of business, and by degrees you find a diversion of trade which would be useful and valuable to the Old Country and useful to us—a diversion which we ought by every means in our power to try and avoid.

Mr. DEAKIN: Sometimes a British flag flies over a ship because it is owned by a company registered in Great Britain, although its capital and control are absolutely foreign.

Sir JOSEPH WARD: That is so. I do not want at the moment to go into that aspect of the question.

Sir WILLIAM LYNE: The White Star Line.

Mr. LLOYD GEORGE: It is not the case with the White Star Line.

Sir JOSEPH WARD: I do not want at present to go into that aspect of the question. We have now a great opportunity of meeting at this Conference three responsible Ministers of Great Britain in the British Government. Anxious as we are, I am certain, to do all in our power to develop the best interests of the old land and help in the development of the

Ninth Day.
1 May 1907.

PREFERENTIAL
TRADE.
(Sir Joseph
Ward.)