

Mr. DEAKIN : We say you will not be able to challenge it very soon.

Tenth Day.
2 May 1907.

Mr. LLOYD GEORGE : I thought it would save time if I understood what the position was.

PREFERENTIAL
TRADE.

Sir WILLIAM LYNE : It is very easy for Mr. Lloyd George to check it.

Mr. LLOYD GEORGE : I cannot check it unless I know what it is. However, Dr. Jameson has explained it.

Sir WILLIAM LYNE : As Dr. Jameson put it, you would have had three times as much diverted employment.

Mr. LLOYD GEORGE : If it had not been for the trade we divert to Germany and the United States.

Sir WILLIAM LYNE : The prosperity of Germany is through Britain's action to some extent. On the mercantile predominance depends Naval supremacy, on which, again, depends the security of the Empire. Great Britain and the Colonies are helping to build up huge foreign merchant navies which will undermine the strength of the Empire, and it is to be remembered that many foreign Powers subsidise their mercantile marine with a view to relying on it as a reserve in war time. Why should not more of Britain's vast outlay—565,000,000*l.* annually which she pays for imported goods—go towards building up the British Colonies; to increasing their wealth; and to strengthening the British and Colonial merchant navies and the Empire as a whole? Colonial agriculture goes hand in hand with British shipping; increased Colonial production means more material for the British manufacturer and greater purchasing power for the people as a whole. Success of one means success of both. At present we, as a whole nation, are not utilising our powers. Even Adam Smith—the most practical of writers—says “retaliatory duties are a matter for deliberation when a foreign nation “restrains by high tariffs or prohibits the importation of some of our “manufactures into their country.” Not only are foreign nations gradually prohibiting our imports, but by heavy subsidies to their traders they are actually ousting British products from British markets. All approve of the commercial union of England, Scotland, and Ireland; of the consolidation of the United States, the federation of South Africa, and of Australia—then what reason can be urged against the commercial union of the whole Empire.

Although it has been partially eclipsed here for a brief period (I say “here” because it is eclipsed by the action of Great Britain) by the intervention of political questions of purely domestic character, the time is at hand when I hope there shall be a fresh awakening to the benefits of reciprocity and trade preferences in the relations of the component parts of the Empire. For long an earnest advocate of the policy of preferential trade, my faith in its wisdom, and its ultimate realisation, has never waned.

It is impossible to believe that a nation may continue to mark time in the presence of its advancing competitors and yet retain its power and prestige. And, in view of the very serious problems which have to be faced, who can say that the last word has been said, or that this or that economic faith is for all time and for all conditions?

In regard to that, let me say that the remarks made and the basic principle laid down by the Chancellor to-day that because Great Britain sixty years ago adopted the principle of Free Trade it is a good one to-day, has not a sound foundation, although it suited Great Britain at that time, a time