

Eleventh Day.
6 May 1907.

PREFERENTIAL
TRADE.

(Mr.
Lloyd George.)

only one-thirtieth of the United States of America, and cannot therefore extend and increase our population as they can. Per head of the population, as I have already said, France exports about 2*l.* 10*s.* 0*d.* of manufactured goods. The position of Germany is only slightly better although she makes considerably more fuss about her manufactures than France does. She sells 2*l.* 16*s.* 0*d.* per head, although she resorts to all kinds of devices and schemes in the way of using her State railways to the very fullest, a matter which I am looking into at the present moment, and upon which I received a very valuable report only two days ago, which I shall be very glad to show the members of the Conference. I have to thank Mr. Law of the Foreign Office for having provided me with these materials. He wired for the report on Tuesday or Wednesday, and I had the whole of the information on Saturday from one of the ablest Consuls we have in the Empire, and very valuable information it is. It was after the statement made by Mr. Moor. We had heard something about the matter, and in fact I had sent two or three investigators over to Germany to look into it, and we are now getting the facts. There is no doubt that the Germans are using their State railways for subsidising their trade to the Levant by means of through rates, and probably they may capture the trade of the Levant; at least they will develop a great trade there. I am sure they will. They have very largely secured the trade of East Africa, and I think that is attributable to a very large extent to our own fault. We spent millions of money in constructing a railway in Uganda to open up the resources of a part of our Empire. Whether that was good policy or bad I think we ought to have finished it. It is no good opening up a country of that sort unless you bring it somewhere near a market. What we do is we just open up the country and we allow the Germans to capture the market. I think that is the most stupid and short-sighted policy that could possibly be entered upon. Luckily the present Government have not got that on their conscience.

Mr. DEAKIN : But the Uganda Railway is paying now.

Mr. LLOYD GEORGE : I should not think so.

CHAIRMAN : It is increasing very much.

Mr. DEAKIN : I thought it was paying its working expenses.

Dr. JAMESON : It is not paying.

Mr. LLOYD GEORGE : I do not think you have many first class passengers on the line.

Mr. WINSTON CHURCHILL : 90,000*l.* profit on its working expenses.

CHAIRMAN : It does not pay interest on the capital.

Mr. LLOYD GEORGE : No, nor its sinking fund. The Germans are extending their operations to South Africa.

Dr. JAMESON : And Australia, I understand, is now in contemplation.

Mr. LLOYD GEORGE : No, I think not. There is the line to the Levant, to German East Africa, and there is a third to somewhere, but not Australia.

Mr. DEAKIN : South America and the Argentine markets, perhaps.