

Eleventh Day.
6 May 1907.

PREFERENTIAL
TRADE.

Mr. LLOYD GEORGE : I can easily do so, and I am not afraid of the comparison.

Mr. DEAKIN : We are afraid of no comparison, I hope.

Mr. LLOYD GEORGE : Especially during the last few years our trade with Germany has grown considerably. Not merely our imports from, but our exports to Germany have grown.

Mr. DEAKIN : In manufactured goods ?

Mr. LLOYD GEORGE : Yes. Not only that, but I may point out as regards manufactured goods, where our men are engaged in these industries they are paid higher wages than the Germans who produce the goods which they send us in return.

Mr. DEAKIN : I am very glad to hear that.

Mr. LLOYD GEORGE : I will take the case Dr. Smartt referred to, of cotton. We sell cotton yarn to Germany a good deal; they sell cheap goods to us—goods which it does not, on the whole, pay us to turn out; that is, it does not pay us on the whole to put our brains into them. I do not mean to say we have not mills and factories in this country that do produce goods of that sort, but we do not give our best thought to turning out this sort of stuff. In cotton we turn out the best stuff that the world produces, and that is how we maintain our superiority. Pardon this little bit of bragging.

Mr. DEAKIN : I can assure you it is very welcome. You are not bragging for yourselves only but for us.

Mr. LLOYD GEORGE : I thought you would naturally take a pride in that. I was sure you would. The Germans still sell us these cheap goods. You must not take these figures as final, but they sell us three or four millions of this cheap stuff which we find it better, on the whole, to buy from them than produce ourselves. We think it a much more profitable transaction. They buy from us cotton yarn. On the face of it it will be said : " You are selling them cotton yarn to enable them to compete with you in manufactures." What is the real state of things ? The man in Lancashire who is engaged in producing the cotton yarn is paid more by at least 60 per cent. for his labour than the man who is engaged in Germany in producing the cotton goods which come here in return. We are paying more for our labour than they pay for theirs.

Mr. DEAKIN : Cheap labour for the cheaper product, dear labour for the dearer product.

Mr. LLOYD GEORGE : And that is the argument that has impressed the public in the interests of Free Trade. Our labour has given us the highest product, and, as Mr. Deakin points out, that means the market in the highest paid product. Dr. Smartt is quite right when he says Germany is pushing its trade in reference to cheaper goods, and I should not be surprised if they beat us in things of that sort, because we cannot find the labour that would enable us to turn them out. I should like to see the man in Lancashire who tried to turn out these cheap goods on the terms on which the German maker can turn his out, in, I think, Wurtemberg. He could not do it; there would be a general strike there.