

Eleventh Day.
6 May 1907.

PREFERENTIAL
TRADE.

(Mr.
Lloyd George.)

have them. The total of entrances and clearances in the oversea trade of Australia in 1905 under the British flag was 5,500,000 tons, whilst that under foreign flags was only 1,900,000 tons. The proportion there, I agree, is not so favourable to us as when you take the whole of our inter-Colonial trade.

Mr. DEAKIN : You will remember Sir William Lyne speaks, as any one of us would speak, with an experience beginning 20 years ago, when you hardly saw a foreign flag there. That is what makes a great impression in Australia.

Mr. LLOYD GEORGE : I know. One reason for that is that foreign countries are buying more from Australia than they ever did before—more of your wheat and wool.

Mr. DEAKIN : Formerly they carried it in British ships, now they carry them in their own.

Mr. LLOYD GEORGE : They did not carry it at all. They were not customers of yours to the same extent as they are now. There is another reason, no doubt—and there is no use concealing these things, because they are quite obvious. In the old days the wool was bought by us and sold to the Continent. Now you have a direct trade between the Continent and the Colonies. European countries prefer buying direct. They do not want to employ the British middleman, and they are quite right from their point of view; but that was quite inevitable. This is really the great Free Trade argument. The moment they buy from you, that creates trade; you start buying back; it has had the inevitable effect. As long as we were the purchasers we got the whole of the advantages; as soon as they became purchasers they got a share of the advantages; and that has always impressed us in our Free Trade argument. The mere fact that we are able to trade freely with the whole world and open our markets to them makes them buy from us. Therefore, if we go to any market—the Argentine, China, Japan, France, Germany—to sell there, we come home with something we have bought. That is undoubtedly the reason why there is more trade between the Colonies and foreign countries than there used to be. That is all I have to say about these figures. If there is anything further anybody likes to ask before I finally leave them, I shall be happy to give it. I am afraid in the Colonies the towering figure of Mr. Chamberlain has given undue prominence to the gloomy views he has uttered about the trade of the British nation. Of course, everything he said would be reported very fully there, and when he said our iron trade had gone, and wool was going, and cotton was disappearing, it naturally created an impression in the Colonies that things were really very bad with British trade, but I am glad the matter has been raised here, as it has enabled me to elucidate it with the figures which I have quoted to you.

I do not propose to deal with the separate point raised in the Australian resolution as to preferential trade between the Colonies and this country being carried in British ships. I understand Mr. Deakin is going to raise the point about treaties, and I think I will defer what I have to say on that point until I have heard his remarks.

We have been told that we have met all the approaches of the Colonies with blank negatives; that for all the substantial concessions—and I am very happy to recognise that they are substantial—which have been made in their tariffs in favour of our trade, we are prepared to offer no return. Let me here express for the Board of Trade, whose duty it is to watch carefully all that affects our trade in all parts of the world, our appreciation of the enormous advantage conferred upon the British manufacturer by the preference given to him in the Colonial markets by recent tariff adjustments. The Canadian