

10th Day.]

TRADE AND POSTAL COMMUNICATIONS AND
SHIPPING CONFERENCES.

[16 June, 1911.]

Sir D. DE VILLIERS GRAAFF—*cont.*

hear from the Australian representatives. As regards the Crown Colonies, the efforts of the Straits Settlements to combat the shipping interests have, of late, bulked somewhat largely in the public eye, and recent official utterances in Canada would seem to point to a growing feeling in that part of His Majesty's Dominions against shipping combinations. It may well be, therefore, that the Union Government have selected a favourable time for bringing forward their Resolution on this subject.

In the case of railway companies established in this country the Board of Trade is clothed with powers to prevent the companies from granting preferences to their customers. Having acknowledged in this respect the danger to public interests that lies in the granting of preferences of this nature, it is not too much to expect that a similar attitude should be adopted in regard to ocean freights. Furthermore, if my memory serves me aright, the Board of Trade not long ago viewed with disfavour a proposal put before it for the amalgamation of two of the larger English railway systems—the Board's objections being founded upon the belief that any [such combination would operate in restraint of trade and tend to place the public at a disadvantage. Once it is conceded that shipping rings have the effect of maintaining high rates for sea transportation—and in face of all the evidence I do not see how this can be controverted, since one of the primary objects of a shipping ring is to discourage competition and maintain rates—I do not see how it can be argued that the abolition of the rings would not have the effect of reducing rates: and a reduction of rates must necessarily afford a stimulus to trade and commerce which, while it would more than compensate the shipowners for the reduction in freight charges, would give to British manufacturers and merchants generally an opportunity of opening up and exploiting markets which are unattainable under present conditions. On the other hand, we have seen that the operations of the rings in the past have diverted to the United States, and to the Continent, trade that should have belonged to British manufacturers. I have already indicated what happened in America when the deferred rebate system was declared illegal. Shippers profit by the reduced rates and by the healthy competition that is brought about, and shipowners benefit through the increased volume of the carrying trade. Nor should too much attention be paid to the cry that stable freights are essential and can only be maintained by the agency of shipping rings. There is no good reason whatever why, in the case of sea freights, greater stability should be assured than for ordinary commodities.

There is a further important point to which I would ask consideration, and that is that when a period of trade depression arrives working costs are reduced and new markets, new avenues of consumption, are opened up which in dearer times were inaccessible: and markets once found are not readily lost. But if shipping rates are maintained in such a crisis and do not fall in sympathy with other working charges, the opportunities for entering these new fields of activity are *pro tanto* diminished.

Looked at from the point of view of trade and postal communications between the United Kingdom and the oversea Dominions—which is the object of the first part of our Resolution—the Union Government are satisfied that by no means can this object be more speedily and satisfactorily achieved than by abolishing the system of deferred rebates. The abolition of these rebates would, we are convinced, effectively break down shipping monopolies, and would create a healthy competition among shipowners. This must benefit the whole of the Empire, since our prosperity is dependent upon the fullest freedom being secured to our seaborne trade. The competition thus stimulated would oblige shipowners, in order to maintain their position, to provide faster and better vessels, and, in this way, better trade and postal communications would be promoted between Great Britain and the oversea Dominions—and that without any additional cost to the public. By these means the different parts of the Empire would be drawn together more closely. The shipowners, on the other hand, would be more than compensated for their increased outlays by larger volume of trade.