

trade which before the war was internal trade. Take, for example, the Austrian Empire. Before the war much trade financed from Vienna, and invoiced from Vienna, passed through an aggregate of countries which formed the Austrian Empire, and never figured in the external trade of the world. That trade to-day is going on, but Austria is a capital without much country; it still finances a great deal of the trade of that part of Europe, but the trade which was an internal trade before is to-day a trade passing across the frontiers, very often highly protected, of a large number of new countries. The result is that all that has gone into the aggregate of external trade, whereas before it had never figured in such a return. That is one consideration.

Increase in Manufacturing-capacity of the World.

Now, there is another. It is well known that as a result of the war, when every country which was at war had the whole of its plant in use for the intensive manufacture of munitions, when every neutral country was engaged in manufacturing munitions to sell to one or other of the belligerents and was at the same time pushing forward with the manufacture of commodities it never thought of manufacturing before, partly for its own use and partly to capture neutral markets which previously belligerents had held—as the result of all that there has been an enormous increase in the manufacturing capacity of the world. That is one of the problems we are up against to-day, one of the problems which make it necessary to consider wide cartels and arrangements in industrial production. But, as the result of this great capacity for industrial production in every country, a considerable change has taken place in the character of external trade. Countries which before had been ready and anxious to import manufactured articles to-day have built up industries behind very high tariff walls and are trying to supply their own requirements in manufactured articles from within their own borders and are becoming to an increasing extent importers of foodstuffs, of which they are growing less, and of raw materials. Therefore, in the aggregate, the character of the total exports has to some extent changed, and we in the Home-country, who are exporters of finished goods, or at any rate goods that have reached some stage of manufacture, and export hardly any raw materials except coal, who are at the same time importers of food, necessarily have a smaller share of that aggregate trade than we had in the past when a larger proportion of that trade was trade in manufactured goods.

There is a third reason. You cannot make an accurate comparison without a rather careful survey of what has been the trend of prices. The trend of prices of the kind of goods we make and export, manufactured articles, has been steadily downwards. But it so happens, I think I am right in saying, that in 1924 there was a bad harvest with the result that in 1925 prices for foodstuffs were ruling relatively high in relation to prices for other commodities. The result is that in a figure which can only be taken on a basis of aggregate money values foodstuffs actually appear in the 1925 figures in a higher proportion than the volume they represent.

Empire Proportion of World Exports.

I venture to make those criticisms because, while I am not at all satisfied with the position, it is, as Mr. Bruce has said, enormously important that in any appreciation of the real position we should get down, as far as we can, to actual figures, and in a moment I am coming to a very helpful suggestion which I think he made about getting better Empire figures. But I make those criticisms in order to show that, though our share of the external trade of the world is not as large as it might be, it is perhaps rather bigger than he has said. What is of course satisfactory is that, when you come to look at the proportion of Empire trade generally, those very factors to which I have drawn attention have greatly increased the proportion of British countries overseas. Before the war, in 1913, the proportion of exports which the world took from the British countries overseas was 12·69 per cent. In 1924, our estimate is that it was something like 15½ per cent., and in 1925 something like 17·9 per cent., or very nearly 18 per cent.

Development of Empire Markets.

But I do most profoundly agree that, whatever be the exact ratio, there is no doubt that we are doing less overseas trade to-day than we were before the war and that it is absolutely vital that we should increase it, but I am very sceptical as to the result of any number of manifestos, by whomsoever they may be issued, in inducing foreign countries to alter policies and practices dictated by extreme nationalism. I think we shall be wise not to bank too heavily on that, but would do better to concentrate all our attention on developing the markets within the Empire to our mutual advantage. Since the last Conference, whenever I have had the opportunity, I have indeed emphasized to manufacturers and merchants in this country the enormous importance of studying the requirements of those markets, and the importance, to which more than one Minister has to-day alluded, of having the right man on the spot. The further afield you are from your centre, the more important it is, I am sure, that you should have the right keen man to do your travelling.

British Motor-cars in Empire Markets.

Mr. Bruce has made particular allusion to motor-cars. I think it only fair to say that I believe that in the last year or two a very genuine effort has been made by English motor-manufacturers, and, benefiting by the considerable preference which they now enjoy in this market, it was indeed up to them to make those efforts to extend their trade. A very considerable effort has been made by them to improve their position in the Dominion markets. I have received, and Mr. Bruce has no doubt seen, the report of Mr. Dalton, our Trade Commissioner in Australia, made in May, 1925, in which he says that there has been a genuine attempt by British manufacturers to gauge the Australian market. "That this has been achieved," he said, "is due almost entirely to the persistent efforts of factory representatives of British firms who have come out to Australia and who have literally worked day and