

confined to the limits of the Empire, and even if it were not followed by changes of fiscal policy on the part of foreign powers unfavourable to this country, its general economic results would not be beneficial to the Empire. Such duties are really a weapon of commercial war, used as a means of retaliation, and inflicting possibly more loss on the country employing it than on the country against which it is directed, and which would not be likely to view them with indifference.

22. Foreign countries are well aware that the Colonies differ in their fiscal policies and systems from the Mother Country and each other, and if a policy of the kind advocated were adopted, our foreign rivals would not improbably retaliate, with results injurious to the trade of the whole Empire.

23. In the course of the discussion at the Conference the opinion was generally expressed that although in present circumstances, while so large a proportion of the trade of Great Britain is with foreign countries, the arrangement might scarcely be acceptable to this country, the Colonial trade of Great Britain increases so much faster than the foreign that the conditions and proportions would be reversed at no very distant date, and the arguments now urged against the policy of the resolution would no longer be regarded as valid.

24. As a matter of fact, however, the proportion of the colonial trade of this country to its foreign trade is very nearly the same now as it was forty years ago.* The development of external trade does not always keep pace with the growth of population, more especially when it is subject to tariff restrictions either avowedly or incidentally protective, and although the colonies have much room for expansion in the matter of population, and English capital has flowed into them, perhaps more freely than into foreign countries, there is at present no appearance of any sustained alteration in the relative proportions of foreign and colonial trade. But even if those proportions were reversed, Her Majesty's Government are convinced that the evil results of a preferential policy would be mitigated only slightly, although they might fall with less severity on this country and with greater severity on the Colonies than would be the case under existing circumstances.

25. I have dealt with this question at some length, because the strong support which the proposal met with from the majority of the representatives at the Conference entitles it to the fullest consideration, and renders it desirable to set forth the reasons which have satisfied Her Majesty's Government that it would fail to secure the object aimed at—namely, the stability and progress of the Empire.

26. I now pass to the second part of the resolution, which urges "That until the Mother Country can see her way to enter into customs arrange-

* Comparisons are only possible since 1854. For the five years, 1854-58, the total imports into this country were £820,904,330; the imports from British possessions being £195,556,990, or 23·8 per cent of the whole. During the five years, 1889-93, the total imports were £2,112,252,916, and the imports from British possessions were £482,427,761, or 22·8 per cent of the whole. The total exports during 1854-58 were £657,699,825, and the exports to British possessions £186,056,817, or 28·3 per cent of the whole. During the period, 1889-93, the total exports from this country were £1,521,736,951, of which the exports to British possessions were £438,491,542, or 28·8 per cent. Taking imports and exports together, the trade of this country with British possessions in the earlier of the two periods formed 25·8 per cent of the total, and in the later 25·3 per cent.