
BRITISH EMPIRE, LTD.

British Empire, Ltd.

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FOREWORD

BY THE RT. HON. LORD RIDDELL

THIS bird's-eye view of Empire trade is a valuable contribution to commercial literature, and comes just at the right time. Many people do not know, and many are apt to forget, that our existence depends on our exports. Unless they can be preserved, we shall have to put up the shutters. In *Trade Abroad* Mr. Herbert gave an epitome of foreign trade. Now he has completed his survey by a graphic account of the trade of the Empire which should be studied not only by merchants and manufacturers, but also by politicians, schoolmasters, schoolmistresses and the man and woman in the street. Mr. Herbert's books might well form the basis of a series of lectures for schools and colleges. The rising generation will have to solve some knotty commercial problems, and it is essential they should be prepared for the task. Our industrial and commercial difficulties are mostly external. Our customers have become our competitors and tariff walls face us all on sides. The problem is how to meet these new conditions. Is it possible to weld the Empire together as an economic unit? Mr. Herbert is no doubt right in describing the scheme outlined in his second chapter as a "phantasy." But it is

easy to conceive more practical plans that would increase reciprocal trade within the Empire. As it is, Great Britain takes enormous quantities of food and raw materials from the Dominions for which she pays in manufactured goods and shipping services. The aim must be to extend and increase these beneficial trade relations. Until recently foreign overseas trade was a mystery except to those engaged in it—merchants, manufacturers, bankers, ship-owners and bill-discounters. Even they, for the most part, only studied the branch in which they were specially concerned. But since the war the general public are beginning to realise that the nation lives on its exports and that the whole field of our trade relations demands careful and complete examination. Therefore, as stated, Mr. Herbert's books have come at the right time. The first step in the investigation is to ascertain the facts. These he has supplied in his two books. The schedules they contain may be dull to look at, but on examination will be found most interesting and instructive.

Americans, who have an almost passionate desire to extend their foreign trade, large as it is already, possess a voluminous and ever-increasing literature dealing with overseas markets. We, in the British Empire, are sadly deficient in books of this kind. That is another reason why Mr. Herbert's efforts should be welcomed.

RIDDELL.

INTRODUCTION

ALTHOUGH it is in the best interests of the British Empire to maintain and develop trade contact with countries outside the Empire, I consider that closer trade contact within the Empire is essential. In my view, more intensive Inter-Empire trade must lead to greater industrial and individual efficiency, and I am confident that an automatic result of this would be to increase trade not only within the Empire, but also with countries outside the Empire. I think one of the greatest and most urgent problems facing the British Empire to-day is the need for an Empire Economic Policy. Such a policy cannot be formulated, however, without an analysis of British Empire trade, and, although this is a difficult task, I propose to investigate the problem for the following reasons :

1. When I was in New Zealand in 1928, a statesman in that country came to see me and said he had read my book, *Trade Abroad*, and he pressed me strongly to follow up this book with one on the British Empire as an Economic Unit. He said that political platforms throughout the Empire have talked Empire Unity for years, but he felt that the

problem had never been analysed to permit of a definite co-ordinated policy being devised and operated. He realised the difficulties, but we both felt that an Empire Economic Unit must bring greater unity and prosperity, with a consequent greater influence for stability and peace throughout the world. I promised the statesman in question that I would try to produce a book on the lines he suggested, with particular reference to its price, brevity and conciseness, making an appeal to the average citizen.

2. I have visited the various parts of the Empire during recent years, and I am convinced that our resources in materials and peoples are capable of considerable further development.

3. I feel that the permanent solution of Great Britain's unemployment problem lies in Empire development for two main reasons, viz.—(a) there are resources within the Empire not sufficiently developed, and there are larger possibilities for inter-trading between the various parts of the Empire, and (b) the unemployed are the Empire's own kith and kin, and, from personal experience, the various parts of the Empire are only too anxious to assist.

4. Production within the Empire does not always meet the varied and special requirements of each part of the Empire, and it would be in the best interests of the Empire as a whole to organise pro-

duction, where necessary, so that the right kind of goods are made which satisfy the requirements of the buyers. At the present time, many parts of the Empire have to look outside the Empire for goods which could be efficiently produced inside the Empire, and this state of affairs requires rectification.

5. I fail to see how Empire Trade Statistics, as at present prepared by the Board of Trade in the United Kingdom, can be of any real assistance in formulating any Empire economic policy, and so long as they are compiled under present methods, I am afraid Empire economic unity will continue to be a phrase to be talked about and will never become a reality.

6. There appears to be an unfortunate lack of co-ordination throughout the Empire, and I will give one or two examples of what I mean.

In the first place, I consider that tariffs between the various parts of the Empire are one of the chief hindrances to Empire unity. Tariffs should not be a political question, as they are fundamentally economic, and from this standpoint I would suggest—as a general principle—that tariffs should only be resorted to (either within or outside the Empire) where conditions of labour and standards of life vary, and then such tariffs as may be applied should be fixed on a basis to cover the varying conditions. If competition cannot be met in goods emanating from

a country with equivalent labour conditions and standards of life, there is something radically wrong with the industry, and diagnosis and remedy cannot be dispensed by political process. Within the Empire, however, excluding those parts with native labour, such as India, the need for tariffs is debatable, and, where levied, may retard the sound development of a country, an industry, and the individual, and, at the same time, not be a sound method of raising revenue. I will go further and suggest that a tariff within one part of the Empire might impede efficient progress in an industry, and, at the same time, react unfairly on other industries in another part of the same country. For example, when I was recently in Western Australia, I was not surprised to hear that tariffs which were fixed to assist industries in Victoria and New South Wales were not in the best interests of Western Australia, and I even heard it said that economic advantages would be derived if Western Australia seceded from the Commonwealth. Surely this is wrong, and if we cannot get unity in the economic policy in one part of the Empire by tariff barriers, we surely cannot attain it in the larger sphere.

A further example of the lack of Empire co-ordination might be cited by indicating how foreign policy and economic policy in the same country can operate with divergent results. In this connection, I will take the question of bananas produced in

Australia. The foreign policy of Australia is—as it should be—pro-British, and one of the logical aims should be to maintain British prestige in the Pacific. How is this aim achieved? Australia used to import its bananas from another part of the British Commonwealth of Nations, namely, Fiji, which is an important strategic point in the Pacific. Australia, however, decided to grow its own bananas, but to do so a tariff wall against Fiji was necessary. What is the result? Fiji loses a big export market, goes through a trying period of depression, and has to find another adjacent market with the necessary purchasing power and population. What other outlet is there to take the place of Australia? Japan is the obvious market, so that we find Japanese influence given an opportunity to penetrate into an important part of the Empire. What can the Fijians think? They must surely feel perplexed when, although they owe their development to the excellent methods of British colonisation, they have to look outside the Empire for a market for one of their chief products. My point of criticism, however, is not Japanese prestige in the Pacific, but a lack of co-ordination between the foreign and economic policies in one part only of the Empire, and if such things multiply as we view the Empire as a whole, there is surely urgent need for Empire problems to be analysed from the economic standpoint.

We hear much of British and Colonial preference, but generally the allowance only averages 10 per cent., and the duties remain very high, even against goods produced under somewhat similar conditions. Further, the regulations governing British preference are frequently so complex and difficult to comply with that, in many cases, they are merely an outward sign of Imperial loyalty. In my view, existing British Preference Regulations require complete revision, in conjunction with the general question of Imperial Tariffs, and it is only along this road that we can hope to achieve Empire unity, so vital to Empire progress and prosperity. In this connection, the prosperity of the U.S.A. is often attributed to their tariff policy, but a careful analysis indicates that U.S.A. prosperity is primarily due to the unified economic policy between the various States.

I am anxious to place this book on the market at a price within the purchasing power of the average citizen. This Empire problem can only be solved by all participating, both as workers and/or consumers, and in my efforts to produce a book at a low price, I must limit myself primarily to questions of principle rather than masses of detail. My object is to try to focus attention throughout the Empire to this problem of Empire unity, after which the various questions involved can be considered in

greater detail in relation to the Empire, severally and collectively.

I propose to divide my book into two sections, viz. :

CHAPTER I.—An Economic analysis of British Empire Trade.

CHAPTER II.—An Empire Phantasy, which might become a Reality.