

broad space of the Empire? The documents which have been circulated contain a record of what has been accomplished under the Empire Settlement Act. That Act, itself the outcome of inter-Imperial discussions, has been a real contribution to the solution of the problem, and has established a sound base on which to build. We shall wish to consider in detail how to use the resources of that Act to the best advantage; to discuss with first-hand experience what is the most effective machinery in the Dominions and in this country for assisting settlement; and to consider how we can improve the methods of selection and training of settlers, their reception, distribution, and subsequent care. Are we working on the right lines? Can we use the means which the Act places at our disposal to better advantage? What should be the relation of the Government here to the Dominion Governments and to State Governments within the Dominions in negotiating and operating schemes under the Act? Are there any further steps which you and we can usefully take to accelerate our policy?

Financial Assistance to Imperial Development.

Closely allied to the problem of settlement comes the question of financial co-operation between the Mother-country and the Dominions. The acceleration of development is largely a question of finance. In this country one of the measures—and I think the most sound economically—which we have designed for dealing with unemployment has been the Trade Facilities Act. Under that Act we took power to give a Government guarantee to capital issues for works of different kinds, the contracts for supplies and materials being placed in this country. In this way we have accelerated the putting in hand of sound revenue-producing schemes, such as railway extensions and electrification, which would otherwise have been delayed; and we have thus secured immediate orders for our factories, and have speeded up the development of useful undertakings, which in their turn have provided improved facilities and led to further development. I hope that it may be possible to devise a policy with similar objects in regard to Imperial development. As I have said, there lies without doubt before the Dominions and the colonies a period of progressive development. That development is of advantage, immediate and prospective, both to the country developed and to this country. To the country in which the development takes place it brings accretions of population and wealth; to this country it means immediate orders, new openings for emigrants, and an increasing flow of trade in the future. The rate of development in any State is normally limited by its own immediate financial capacity. But if the normal rate of development can be accelerated, that is good policy and good business. The rate at which settlement is possible depends a good deal on the extent to which the necessary public works and public-utility services are put in hand. If these initial works can be speeded up emigration will proceed more rapidly; and as the flow of emigration increases, so increase the development of the resources of the State, its wealth, its capacity to produce, its capacity to trade.

The need and the value of such a policy of speeding-up development applies at least as much to the colonies as to the Dominions, and it is our purpose to pursue this policy in the development of the colonies. Let me take a concrete example, which, indeed, applies to both. One of the most pressing problems with which one of our greatest British industries is faced to-day is the supply of sufficient supplies of raw cotton at a reasonable price. There are great tracts of territory within the British Dominions capable of producing cotton of the quality we need; but if these territories are to be developed rapidly and on an adequate scale large capital expenditure is necessary on transport and irrigation. The more rapid the development the better. As quickly as the cotton can be grown and transported it will be absorbed; and the territories so developed become sellers of a commodity we here badly need, and increasing purchasers of goods within the Empire.

Given the resources which undoubtedly exist; given the wisdom no less than the desire of purchasing as much as we can of our supplies within the Empire; given the impelling need for all of us to develop an increasing mutual trade under stable conditions: I think we must be convinced that we should give careful consideration to the whole question of accelerating the development of our Imperial resources, and endeavour to work out a businesslike scheme of credit facilities and financial co-operation, in the responsibility for which we should share, and which will be to our mutual advantage.

Imperial Preference.

Concurrently, we are anxious to consider the analogous question of Imperial preference. We in this country are fully alive to, and keenly appreciative of, the value of the preferences which we have received under your tariffs. And on our part we have definitely established the principle of Imperial preference in our own more limited fiscal system. We wish to apply that principle, within the scope which is practicable for us, so as to stimulate still further the development of Imperial products and Imperial resources. Any increase which it is possible for you to make in the rate of preference will be of real value to us, and will the more enable us to buy from you. In this matter again we shall speak together frankly. We can expose to each other fully and frankly our desires and our difficulties. Indeed, any other form of discussion would be useless. On our part we shall certainly approach the question of preference with a strong desire to increase our mutual trade, ready and willing to take what action is possible for us and of value to other parts of the Empire to secure that end.

In addition to the broad questions of settlement, financial co-operation, and preference there must arise for our consideration a number of subjects in all of which it should be possible for us to do something practical for the improvement of inter-Imperial trade. Within this sphere a number of subjects have been placed on the Agenda, following the suggestions made by our respective Governments in the telegrams which we have exchanged.