

and more apparent. What is the object of this system adopted by countries, which, at all events, are very prosperous themselves—countries like Germany and other large Continental States? What is the object of all this policy of bounties and subsidies? It is admitted—there is no secret about it—the intention is to shut out this country as far as possible from all profitable trade with those foreign States, and at the same time to enable those foreign States to undersell us in British markets. That is the policy, and we see that it is assuming a great development, that old ideas of Trade and free competition have changed.¹

Such are the facts of the case, and it is very important that their real character should be clearly comprehended. At first sight they look like a mere extension of protective principles; in reality they indicate the beginning of a complete transformation of those principles. In order to understand how this is so it is important to note that the attempt to regulate and control by state action the course of industrial development may be framed upon lines and with objects entirely different from and in fact opposed to those with which it has generally been associated. Thus in opposition to the old policy of protection we may conceive of a policy of aggression, as it may be styled, aiming not, as protection aims, at the exclusion of the foreign producer from the home market, and the preservation of national self-sufficiency, but at the concentration of the national energy upon those industries, of an expansive kind, for which it is best fitted and equipped, with a view to obtaining in respect of them a predominant position, and, if possible, a monopoly in the international market. Such a policy, it is obvious, would involve the giving of assistance not to weak and declining industries, and those which experienced the greatest difficulty in bearing up against foreign competition, as has been usual hitherto under protective systems, but to those which appeared to be the most vigorous and progressive and the most capable of development. Further, it is a policy which, upon the whole, would perhaps be carried out more effectively by means of bounties on exports rather than of prohibitive tariffs. Read in the light of these considerations,

¹ *Times*, May 17, 1902.

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