

More recently Lord Granville's Circular Despatch of the 8th September, 1869, conveys the assurance that Her Majesty's Government "have every desire to encourage the combined action of any of the Colonies in furtherance of their wishes and interests."

There would, consequently, seem to be no reason to apprehend that any difficulty would be experienced in securing the sanction of Imperial legislation to measures designed to unite these Colonies in a Commercial Federation.

I trust that the Governments of Australia and New Zealand will be willing to adopt this suggestion of a Conference for the special object of bringing about Commercial Federation and Intercolonial Free Trade.

At such a Conference the Government of Tasmania will be prepared to submit a proposal, that the revenue derived from the Customs duties on a uniform tariff throughout the Union, should be paid into a common fund or Federal Exchequer, to be periodically distributed amongst the Colonies rateably in proportion to the population of each as ascertained by the last, or next, and each succeeding decennial census, or by such other means as the Conference may decide upon.

Melbourne, from its central position, seems the most suitable locality for the Conference; and I beg to name the 2nd of May next as the most convenient period for the first meeting of the Delegates, as during that month no Australian Legislature is likely to be in Session.

I beg to invite your serious attention to the subject-matter of this communication, and to request the favour of an early reply.

The Hon. the Colonial Secretary, New Zealand.

I have &c.,

JAMES MILNE WILSON.

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No. 8.

The Hon. W. GISBORNE to the Hon. the COLONIAL SECRETARY, Tasmania.

(No. 70-610.)

Colonial Secretary's Office,

Wellington, 28th March, 1870.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 18th ultimo, No. D. 39, in which you recommend that a Conference of Delegates of the Australasian Colonies should be held in Melbourne in May next, to consider various subjects, but especially the question of a Customs Union.

You describe the steps which were taken to convene a conference last year, but you do not carry the narrative to its conclusion.

Notwithstanding that the arrangements for the Conference were made several months in advance, the Delegates from New Zealand found, on their arrival in Australia to attend the expected Conference, that some of the Colonies were not prepared to proceed with it. The Government of Victoria were understood to be of opinion that conferences were not a desirable mode of carrying on intercolonial negotiations,—that there was the risk of the Cabinets of the various Colonies not accepting the conclusions arrived at,—and that more could be effected by correspondence.

The New Zealand Delegates proceeded to New South Wales, the Government of which were anxious to confer with them. There the representatives of New South Wales, New Zealand, and Queensland conferred, and, amongst other results, there was the Memorandum, copy of which I attach, and which I do not doubt that the Government of New South Wales have already communicated to you officially. You will observe that it deals with the subject of setting at rest the doubts which exist as to the power of the Colonies to enter into commercial arrangements with themselves and other countries. The term "doubts" is advisedly employed, because it cannot be maintained, as has been alleged, that treaty obligations stand in the way of the Australian Colonies exercising such powers, seeing that Canada, for a long while, has done so. The Memorandum provides for the Colonies jointly and severally taking steps to give effect to its objects, and it is within their power to do so.

Your proposal for a complete Customs Union goes much further, but I do not agree with you that the Colonies are prepared to adopt it. Your argument in effect is, that it is so desirable that the Colonies should interchange their productions duty free, that it is their interest to submit to a common tariff,—a course the Imperial Government would only be too glad to ratify by law. I am not prepared to say that, for the sake of the advantages of a complete and intimate federation of the Colonies, it might not be expedient for them to consent to the disadvantage, necessarily incident to a common tariff, of being unable to vary their tariffs from time to time in accordance with their various wants and resources. But I cannot concur that it is desirable to seek out and secure the more objectionable condition of federation without, at the same time, obtaining its redeeming benefits. In the absence of a federal Parliament, a common tariff would practically be irreversible, but, as a matter of fact, no Colony has yet found an unalterable tariff advisable.

The fiscal requirements of the various Colonies differ so widely that it would be impossible to fix on a common tariff which would not yield either more than some or less than other Colonies require. If the maximum were to be selected, such a tariff could not be regarded as a free-trade one, so far as it affected the Colonies, for which it would raise more revenue than they required. Those Colonies would in such a tariff experience all the evils of a protective tariff without—what Protectionists claim as an advantage—the power of adapting it to varying circumstances as they arise. On the other hand, if a minimum tariff were selected, the necessity of resorting to other taxation would be forced on some of the Colonies to compensate for their losses in their Customs revenue.

A Customs Union would to a great extent paralyze the external commerce of all the Colonies except the one fortunate enough to have the largest trade and commerce, and able to afford to keep the largest stocks. The other Colonies would draw their supplies from that Colony, and would lose the advantages of direct foreign shipments and direct immigration. Even the benefit to the favoured Colony, which for the purpose of my argument I will suppose to be Victoria, would be doubtful; at any rate, the effect would be a reversal of the policy which has guided that Colony during the last few years,—for merchants would secure advantages which would injuriously react on producers and manufacturers. Importers would be induced to flood that particular market with goods at such a cheap rate as to crush