

provisions, honey, hops, brooms, barley and wheat, and latterly cotton goods are exported to, and find a ready sale in, the colonial markets. Lumber and doors and sashes are also exported in large quantities to the Australian Colonies, and quite a considerable trade has sprung up from San Francisco to the colonies in bone-dust and fertilizers. This is entirely owing to the freight and postal facilities of the mail steamers. Four vessels are to be despatched direct every season, in addition to the freight carried by the mail steamers, which are always full going away.

9. This trade is in its infancy, but is capable of great development. It is imperilled, however, by the United States Postal Department desiring to make revenue out of the transit charges upon the British enclosed mails to and from the colonies. Beyond question, if this unreasonable impost be continuously levied, the Pacific Mail Service will be discontinued, and the American flag will disappear, except casually, from the South Pacific. For mail purposes New Zealand, but more especially New South Wales, may be quite as well served by the eastern route; but they seek to establish commercial relations with the United States, as is evidenced by their subsidy to the Pacific Mail Steamship Company, and previous subsidy of Webb's steamers. However, this may be too dearly bought. It is unreasonable to expect foreign communities to tax themselves continuously to preserve trading intercourse with a country which pockets their subsidy, prohibits the importation of their products by a protective tariff, sends its mails tens of thousands of miles at their cost, and makes a large profit upon their mail-freight across its territory. This is a one-sided kind of reciprocity which must break down. On the eastern route there are, competing with the Pacific Mail Line, the subsidized Peninsular and Oriental Company, the subsidized line *via* Torres Straits, which is to be made a fortnightly service, and the Orient Steamship Company. The steamships of the latter, very fast and powerful, have made the passage between Southampton and Melbourne, round Cape of Good Hope, and return through the Suez Canal, faster than the Peninsular and Oriental steamers from Southampton to Melbourne *via* the Canal, or the Pacific Mail Service across the American continent; added to this, New Zealand has chartered direct steamships from Southampton, the pioneer ship having arrived out recently with a full cargo and six hundred immigrants. She carried Home a mail under engagement for forty-five days. This proves that there is imminent danger of the contracting colonies taking advantage of any irregularity in the service and terminating the contract, to get rid of the excessive transit charges. They are in no sense compelled to send their mail *via* San Francisco and New York.

10. At the risk of being tiresome, I shall endeavour to enforce the foregoing remarks by a comparison of the Anglo-Australian with the Anglo-Indian, China, and American trade, to show the importance of securing the Australasian trade for the United States. A comparison of this kind is always more instructive and reliable than general statements. I quote from English official statistics for 1875, which will serve for illustration. Following was the gross result of the export and import trade of the United Kingdom with the undermentioned countries:—

| | Exports. | Imports. |
|---------------------------|-------------|-------------|
| United States | £21,868,279 | £69,590,054 |
| Canada | 8,414,079 | 9,615,927 |
| China | 4,928,500 | 13,607,582 |
| Hongkong (British) | 3,599,811 | 1,154,910 |
| India | 24,246,406 | 30,137,295 |
| Australasia— | | |
| | Exports. | Imports. |
| New South Wales | £5,584,368 | £4,442,680 |
| Queensland | 1,122,214 | 930,106 |
| South Australia | 1,183,655 | 2,955,759 |
| Tasmania | 244,044 | 477,289 |
| Victoria | 6,538,797 | 8,042,858 |
| New Zealand | 3,854,090 | 3,489,138 |
| | £18,527,168 | £20,337,830 |

These figures are exclusive of Western Australia, which, for the purposes of this memorandum, need not be considered. It is geographically out of the calculation. This exhibit of American exports to England does not include gold and silver specie. Australian and New Zealand exports include specie, and gold and silver bullion, the products of those settlements which so materially aid England in adjusting her trade balances with other countries.

11. It will be seen, therefore, that the volume of the export trade of England with Australia and New Zealand in 1875 more than doubled her exports to Canada or Hongkong and China, and was about 25 per cent. less than her exports to British India. But, whereas the India trade is almost stationary, if, indeed, it has not suffered decrease of late, the Anglo-Australian trade is steadily growing. This is a trade worth contending for. In magnitude it exceeds, out of all proportion, anything this country can hope to gain from the much-coveted Canadian trade, reciprocity or non-reciprocity. It also exceeds anything which may reasonably be expected from an extension of trade with such miserably poor countries as Brazil, Mexico, and Central America.

Mercantile Marine.

12. Another consideration of paramount importance in this connection is the necessity for the employment of a large mercantile marine in the Australian and New Zealand trade. The insular position of those countries, their remoteness from European centres, their extended seaboard and tropical and semi-tropical zones (with the exception, speaking generally, of Tasmania, parts of Victoria and New Zealand), render the employment of a large fleet of vessels absolutely essential in this trade. They can only be approached by sea; their outlet is by sea, and the country which commands their export trade must possess a large merchant navy. This will be evident from the official return of tonnage (British and British-colonial almost exclusively) entered at the various ports of New Zealand and Australia in 1874. This shipping aggregated a total of 5,824,976 tons, which employed an army of trained sailors, and gave employment to as many more men at the various ports, discharging cargo, &c. As a means, therefore, of reviving the shipping interests of the United States, the Australian trade