

view and from a financial point of view. Personally, it would be with a feeling of regret that I would see our political independence sacrificed to any extent; it is purely a question of whether in the interests of the colony at large the commercial advantage to be derived would not warrant us in making the sacrifice, in the same way as other colonies have had to sacrifice a portion of their independence.

70. You have mentioned oats and dairy produce as likely to show a great expansion if we join the Commonwealth. Are there any other items that would be likely to expand our trade with Australia?—There will probably be other items, such as linseed, barley, and other things.

71. But does not the English market regulate the price of produce exported from the colonies?—It does in some items, but not in others.

72. Is it not the case that in the dairy industry, for instance, the price is regulated now by the English market?—Nearly all our dairy produce goes home to the Old Country in the winter time. Take cheese, of which a considerable quantity is produced in this district: The English buyer would only take cheese up to a certain month. They all want their shipments to leave the seaboard by the end of March, or April, because later on the Canadian and Home cheese is coming on the market, and they do not want our cheese then. In the past a very satisfactory trade with New South Wales has been done in the winter months, and what I feel is, if all restrictions were removed that trade would expand very considerably.

73. Do you conclude that Australia will immediately set up hostile tariffs? Our trade imports from Australia to New Zealand amount to over a million and a quarter, while our exports are only about a million and a half, including specie. Is it likely that Australia is going to throw away all that trade?—I understand that they cannot differentiate, but will have to extend to us, if we federate, the same treatment as to the other colonies. There will be the same tariff against us as against the rest of the world if we do not federate. I think those figures do not represent the *bond fide* trade, but include the transshipment from United Kingdom, which are not really imports from Australia at all.

74. If we federated, would not the large Australian merchants dominate the New Zealand trade?—I do not see why they should. While we have direct steamers to come to this colony we should be able to import direct to New Zealand. The bulk of our imports are direct now. A merchant here might import from Calcutta a thousand bales of cornsacks. Perhaps he would require two hundred bales more. He has not time to order them direct from Calcutta, and the chances are he buys that quantity from Australia; but the bulk of the import trade would have been done direct with the producing country.

75. I will take your opinion, which I believe to be correct, that a large portion of these goods are reshipped foreign goods or Home goods. That reshipment has been made subject to a second duty in New Zealand, and yet these merchants have been able to compete for this large trade?—I think the goods would have been put under bond in Australia, and would not pay the duty there. There would be only one duty to pay, and even in case they had paid duty in Australia they would get a drawback.

76. Still, their facilities would be greater in any case if there were no other duties payable on reshipment to New Zealand?—Yes.

77. Would not that have the effect of increasing the amount of reshipments of Australian importations to New Zealand? Would not the Australian merchants make this a clearing market?—Yes. New Zealand is used for that purpose to some extent, and I do not think we shall ever get away from that. If the Australian merchant overimports any line of goods, and wants to clear it out, he will take advantage of the market in New Zealand as long as he can get his stuff in at a price that would pay him better than sacrificing in his own market.

78. In the first place, they have a very great advantage in freights?—They have, and that is a thing I think our Government will have to take into consideration. They have done so, as a matter of fact, and are endeavouring to see that we are put on more level terms with the Australian Colonies in regard to freights.

79. They have an advantage in freights. Will not they increase this clearing trade, as well as take a more dominating part in New Zealand trade, by means of travellers and other facilities of that kind?—I suppose it would facilitate their operations in that way; but I am quite satisfied that the bulk of the New Zealand import trade will continue to be done practically by New Zealand merchants, who will buy their goods in the first market and import here what they think they will require. And it is not always a disadvantage to us to thus take any surplus from Australia.

80. Then, with regard to manufactures, do you not think the manufacturers of Australia, having a large local market, will be able to manufacture more cheaply than we can in this isolated market, and will ship their surplus in the same way to New Zealand?—I do not see why they should be able to manufacture more cheaply if the cost of labour there is the same as it is here. I think the handicap of the cost of transport would be a very fair protection for the manufacturers here in respect to some lines; but look at our development in woollen industries, in regard to which we would do a very extensive trade. I am told that there are considerable quantities of woollen goods going to Australia because they are of much better quality than can be turned out on the other side.

81. It has been stated in Australian newspapers that British manufacturers are expected to establish branches of their manufactures in the vicinity of Newcastle, close to the coal, for the purpose of supplying the trade requirements of Australia generally. Do you not think that with such advantages our local manufacturers would be overwhelmed?—I think they probably might be; but I am a Free-trader, and I believe in things taking their course as far as manufactures are concerned.

82. Then, in that case our manufactures would be detrimentally affected?—I imagine some of them would, but I do not know to what extent, or if, on the whole, the damage would be very