

for which New Zealand has natural advantages, are to be developed, she must look to Australia for her largest market; if she declines to join the Federation, similar industries will progress in Australia—and destroy her market—under the sheltering mantle of “protection against the outside world.”

Our increasing trade with New South Wales, since the inauguration of the free-trade policy in that colony, is an indication of how vast will be its expanse if the tariffs are removed, and we have the whole of Australia as a field for commercial enterprise. In 1896 we exported to Australia produce and goods to the value of £1,287,001, and in 1898 to the value of £1,475,157, an increase of £188,156 in two years. Our exports to New South Wales during the same years increased from £641,175 to £910,416, an increase of £269,241. From these figures it is seen that two-thirds of our Australian trade is with New South Wales, and that its increase of late years has more than compensated for the diminution of our trade with the other Australian Colonies, where protective duties are exacted. The value of our imports from Australia in 1896 was £1,090,374, and in 1898 £1,158,865; our imports from New South Wales during the same years amounted to £562,665 and £641,804, respectively. Most of our exports consisted of natural products—butter, cheese, fish, potatoes, grain, timber, and gold; while our re-exports—*i.e.*, the export of goods previously imported from England and elsewhere—formed but an inconsiderable proportion. On the other hand, most of our imports from Australia during these years were re-exports—books, bicycles, drapery and soft goods, iron and ironware, tea, tobacco, etc. It will be urged that the local Government would lose the Customs duties on these goods; but New Zealand would be credited with the amount of Customs duties chargeable on these goods by Clause 93 (i) Chap. iv. of the Bill, which enacts that “The duties of Customs, chargeable on goods imported into a State, and afterwards passing into another State

for consumption, shall be taken to have been collected, not in the former, but in the latter State.” It is also worthy of note that in 1898 we exported to Australia machinery to the value of £24,741, of which about £8,500 worth, over one third, was manufactured in the colony—a good indication that New Zealand can, even now, hold her own in the engineering trade. A remarkable increase in the timber exports is observable during the same period. The value of timber exported to Australia in 1896 was £98,217, and in 1898 £147,892, while the timber imported during the same years amounted to only £34,697 and £60,991, respectively; a decided balance in favour of New Zealand. The duty on New Zealand timber varies from 1s. 6d. to 3s. per 100ft., the removal of which tariffs must inevitably increase the demand for New Zealand timber, and cause a corresponding demand for labour in the colony. A similar increase is evident in the exports of butter, cheese, and potatoes, burdened as they are with tariffs of 2d. and 3d. per pound on butter, 3d. and 4d. on cheese, and £1 per ton on potatoes. If New Zealand remains isolated, New South Wales, in addition to the other colonies, will put a tariff on our produce, and a considerable contraction of our trade must follow, while an increased stimulus would be given to production in the Australian Colonies; for, be it remembered, Australia can raise the produce that New Zealand now exports to her. New Zealand produces larger quantities of oats than any Australian Colony, her yield for the season 1895–96 being 12,263,546 bushels, Victoria coming next with 2,880,045 bushels. The removal of tariffs, 8d. per bushel in Queensland, 2s. per 100lb. in South Australia, and 3s. per 100lb. in Victoria, would cause a great expansion in this department of our grain trade. The value of potatoes exported shows an extraordinary increase since New South Wales adopted the freetrade policy, expanding from £8,268 in 1896, to £137,416 in 1898. If New Zealand remains outside the Union there will be increased potato cultivation in Tasmania, and New Zealand will lose her