

Colonial Customs Union to impose such duties ; but there would be nothing in the union itself, as there would be in the proposed reciprocity agreements, inconsistent with the maintenance of the present rule against differential duties.

Moreover, if the principle of differential duties were admitted, it would be very difficult to limit the application of the principle to agreements between particular Colonies.

The New Zealand Memorandum points out that “the vast limits of the United States bring that country into ready communication with Australia as well as with British America; and that it may be for the interests of the Australasian Colonies, just as much as it has been for that of the British American Colonies, that arrangements should be made to admit free articles from the United States, or from some other country.”

These are the logical consequences of the adoption of the system of reciprocity agreements, but no such questions are involved in the establishment of a Customs Union.

It is observed in the New Zealand Memorandum, that the measure proposed by the Colonial Governments may be used to make similar arrangements to those which were introduced in the Treaty with France devised by the late Mr. Cobden.

Her Majesty's Government would certainly have no ground for objection if the Colonial Governments proceeded upon the principles which were acted upon by this country in the case of that treaty. Instead of establishing differential duties, the British Government extended to all countries the benefit of the concessions made to France, and, far from seeking any exclusive privileges for British trade, they cherished the hope, unfortunately now frustrated, that the treaty would pave the way to the complete adoption by France of the system of free trade with all nations.

Some stress is laid upon the agreement made in 1867 between Victoria and New South Wales, respecting the duties on the land frontier between the two Colonies, as affording a precedent for reciprocity agreements between the Colonies. It appears to me that the agreement of 1867 was rather of the nature of a limited Customs Union : no differential duties were imposed under it upon goods entering the ports of Victoria or New South Wales ; but, so far as concerned commercial intercourse by land, the two Colonies were united, the loss to the New South Wales Treasury by the arrangement being redressed by a yearly payment of £60,000 by Victoria.

The precedents in the case of the North American Colonies are however, to a certain extent, in point, as I have already admitted in my Despatch of the 13th of July of last year. It may indeed be observed that, as the whole of the British Possessions on the continent of North America are now united in one dominion, the application of the principle of intercolonial reciprocity is exceedingly limited, being confined to Prince Edward Island and Newfoundland ; and that, as regards reciprocity between the Dominion and the United States, the contiguity of their respective territories along a frontier line now extending across the entire Continent, renders the case so peculiar that the precedent cannot fairly be applied to the commercial relations of Australasia, which is separated from the United States by the Pacific Ocean.

But it cannot be denied that reciprocity bargains may be made between countries far remote from each other, and that the ever increasing facilities of communication between all parts of the world must render it more and more difficult to maintain distinctions based upon merely geographical considerations.

All these complications would be avoided if the Colonies adhered to the free-trade policy of this country. Not the least of the advantages of that policy is, that, as it seeks to secure no exclusive privileges, it strikes at the root of that narrow commercial jealousy which has been one of the most fertile causes of international hatred and dissensions.

Her Majesty's Government believe that protectionist tariffs and differential duties will do far more to weaken the connection between the Mother Country and her Colonies than any expressions of opinion in favour of a severance, such as are alluded to in the Resolutions of the Delegates from three of the Australian Colonies.