

With reference to the right so earnestly contended for by the Delegates, that the Colonies should be at perfect liberty to direct and control their fiscal policy as amongst themselves, we would desire to impress on the Secretary of State how important it is that an understanding with respect to intercolonial free trade should be arrived at as speedily as possible, because that understanding must necessarily precede any attempt at Federal Union; and although recent action taken by some of the other Colonial Legislatures would seem to prove that intercolonial free trade is now for the moment unpopular, we have no doubt that public opinion will in the end condemn that action, and insist upon a more enlightened policy. It is the more essential, therefore, that the power should be at hand, so that advantage may be taken at once when the favourable time arrives.

In conclusion, the Ministry would urge that the grievance this Colony has laboured under so long, with respect to the Ocean Postal Service, should be removed without delay. There can be no valid reason why either the Imperial Government or the Peninsular and Oriental Company should continue what is felt to be an injustice, for which they are now alone responsible; and we trust that within a very short period your Excellency will be informed that the necessary steps have been taken to provide for the mail steamers calling at Glenelg.

JOHN HART, Treasurer and Premier,

WILLIAM MILNE, Chief Secretary,

Members of Conference.

Adelaide, 6th November, 1871.

TASMANIA.

Enclosure 5 in No. 58.

Governor DU CANE to the Earl of KIMBERLEY.

(No. 39.)

MY LORD,—

Government House, Tasmania, 29th September, 1871.

I have the honor to forward to your Lordship a Memorandum addressed to me by my Responsible Advisers in reference to your Lordship's Despatch of 14th July, 1871, on the question of Colonial Reciprocity.

2. In my Despatch to Lord Granville of 14th July, 1870, as well as in subsequent Despatches to your Lordship, dated 27th October, 1870, and 24th March, 1871, I have already stated, somewhat fully, my individual views upon this question, and I am unwilling again to trespass at any length upon your Lordship's attention.

3. I should wish, however, more particularly to bring under your Lordship's consideration, that portion of the enclosed Memorandum which relates to the necessity and utility of the proposed measure, so far as concerns the interest of this Colony. At the present moment, her nearest and most natural market—that, namely, of Victoria—is closed against Tasmania by the imposition of a Customs tariff of a rigidly protective character, to the very serious injury of the producing and manufacturing interests of the Tasmanian community. It is only natural, as it appears to me, that this Colony should seek relief under such circumstances, by asking for the power to enter into such reciprocity conventions as would remove the restrictions at present imposed upon its trade and commerce. Nor do I apprehend that a convention of this kind between Tasmania and Victoria, or any other of the neighbouring group of Australasian Colonies, would be likely to affect, to any appreciable extent, the producing and manufacturing interests of all other parts of the Empire, or of foreign countries. In the special case of this Colony, the principal articles for which an extended market would be sought, are undoubtedly timber, grain, hops, ale and beer, fruits, jams, and potatoes. Of these, hops, ale, and beer alone are imported to any extent into Victoria from the United Kingdom; and any check or injury which might thus possibly be caused to the English hop-growers and brewers, or to any other class of producers or manufacturers, by a reciprocity convention between Tasmania and Victoria, would be more decisively effected under a complete Customs union between the two Colonies. Such an union could only be effected by Tasmania consenting to an absolute adoption of the Victorian Tariff, which is of a far higher protective character than her own; and thus the area of prohibition against importation from the United Kingdom or foreign countries would be virtually widened, and a stronger barrier than ever at the same time erected.

4. It is most undeniably true that, as your Lordship points out, what is termed reciprocity is another form of protection, and as such "inconsistent with those principles of free trade" which Her Majesty's Government believe to be alone permanently conducive to commercial "prosperity." But this remark seems to hold equally good of the Customs tariff at present maintained, with the consent of Her Majesty's Government, by each individual Colony of the Australasian group. The lowest of these is of a highly protective, and, in some instances, of almost a prohibitory character, as compared with that of the United Kingdom. And the question at present at issue appears to me to be between a system of protection pure and simple, maintained by each Colony against its neighbours, and a system of protection, modified by reciprocity convention, which would extend the basis of commercial operations between each Colony and its neighbours. The first system appears to me to be highly injurious, if not positively suicidal, to