

the best interest of all the Colonies concerned. The second, though doubtless open to objection from a strictly free-trade point of view, would yet tend to create more extended markets for Colonial produce, to establish friendly commercial relations, and promote a better understanding between the Colonies which enter into such conventions. The benefits of even a partial relaxation of a strictly protective system becoming gradually recognized by these means, it seems not improbable that the final result may be the establishment of a commercial union of the Australias and New Zealand on the basis of a common tariff, or, in other words, complete intercolonial free trade.

5. There is, no doubt, another view to be taken of this subject; and it may be urged that the injurious consequences of the rigid protection system at present maintained by the Victorian Government will soon become apparent; that the evil will thus work its own remedy, and a reaction of public opinion will then take place in favour of an entirely free-trade policy. That such a result may one day happen is not altogether impossible; but if the action of the Victorian Parliament may be taken as reflecting the public opinion of the Colony, there are certainly no signs of it to be gathered at the present moment.

I have, &c.,

CHARLES DU CANE.

Sub-Enclosure to Enclosure 5 in No. 58.

MEMORANDUM.

LORD KIMBERLEY'S Despatch, under date the 13th July, 1871, on the question of International Reciprocity, has received the attentive consideration of His Excellency's Advisers.

It is satisfactory to find that the Secretary of State admits that, in the cases of Newfoundland and Prince Edward Island in 1856, and of the Dominion of Canada in 1867, Her Majesty's Government have assented to Acts exempting Colonial products from the duties imposed on similar articles when imported from Europe; and that, as regards the latest precedent, Lord Kimberley is "not prepared to deny that the Australasian Governments are justified in citing "it as an example of the admission of the principle of differential duties."

It is not easy to understand why the earlier precedents are not similarly recognized as applicable to the recent demand for an admission of the same principle by the Legislatures of New Zealand and Tasmania, to which may now be added that of South Australia. The lists of articles in the sections of Statutes appended to the Despatch comprise, in the main, the products and manufactures of the Provinces and Colonies therein named; and the reciprocity conventions contemplated by the reserved Bills of Tasmania and New Zealand would deal similarly with the products and manufactures of the Australasian Colonies.

There is, however, another example of the admission of the principle of differential duties by Her Majesty's Government, which is not referred to by Lord Kimberley. The Acts of the Legislatures of Victoria and New South Wales, which sanction the reciprocal importation across the Murray border of goods which are liable to Customs duties on the wharves of Melbourne and Sydney, have received Her Majesty's assent, and constitute a recent and conspicuous precedent for legislation in favour of intercolonial reciprocity; and this example derives special importance from the fact that the Acts in question were passed in the exercise of powers to legislate on this point specially conferred upon Victoria and New South Wales by the Imperial Statutes which granted to those Colonies their present constitutions.

It would therefore seem that all the precedents that can be instanced of Imperial assent to Colonial legislation on this point may be "cited as examples of the admission of the principle "of differential duties."

When we come to the extent to which such Colonial legislation would affect Her Majesty's treaty obligations with Foreign Powers, it is admitted that there is but one treaty in existence which contains a stipulation restricting the fiscal legislation of "Colonies and Possessions" of the British Crown; and that the Secretary of State is "advised" that the article in question "may be held not to preclude Her Majesty from permitting," to quote the language of the Despatch, "such a relaxation of the law as would allow each Colony of the Australasian group "to admit any of the products or manufactures of the other Australasian Colonies duty free, or "on more favourable terms than similar products and manufactures of other countries."

From this we may infer that, while Her Majesty is bound to require that differential duties shall not be imposed upon imports into British Colonies from the United Kingdom and foreign States, Her Majesty is not required by any treaty to refuse the Royal assent to measures admitting the reciprocal importation between two or more British Possessions, duty free, of articles which the Colonial Legislatures have subjected to Customs duties when imported from Europe.

Lord Kimberley's suggestion of the impolicy of placing "German products and manufactures "under disadvantages in the Colonial markets," seems to touch a subject on which it may be said the Legislatures of Australasia are the legitimate, perhaps the best, judges.

Lord Kimberley's observations on the question of Colonial Differential Duties as affecting the general Imperial policy seem to proceed upon a misconception of the object aimed at by the Australasian Governments, and of the motives which influence the advocates of the removal of Imperial restrictions on the fiscal legislation of the Colonies.

The object of the Tariff Conference, held in Melbourne last year, was to establish a