

hearer, and therefore more directly available, than the English market, thereby stimulating production and developing colonial industries.

8. The establishment of a fortnightly mail-service with England *via* the United States by American steamships, under joint contract with the United States Government, would furnish an absolute guarantee against molestation of the Australian and New Zealand mail, treasure, and passengers by any Power with which England might be at war, so far as the Pacific Ocean traffic and United States territory are concerned, the presumption being that England would have no difficulty in protecting the flag and commerce on the Atlantic.

This point has only to be stated to impress its importance upon all the Australian colonies. If the Australian and New Zealand mail, treasure, and passengers could be guaranteed against attack on the Pacific Ocean route under a strong neutral flag it would add immensely to England's naval strength as a belligerent. The United States' flag would furnish this absolute guarantee—in other words, a mail contract with the Oceanic Steamship Company, of California, upon the basis proposed, would carry with it an implied guarantee of the protection of the United States should the British Empire be at war with any great maritime power. It would also induce the United States to give its moral support to England, because it would be identified with New Zealand and other contributing colonies.

9. It would be practically impossible to maintain an efficient postal service across the Pacific under the British flag in the event of a general war involving England. First, because Imperial policy would probably require the conversion of the steamships performing such service into armed cruisers, thus changing their character and functions and inviting attack. Second, because the magnitude of the mercantile and shipping interests to be protected in all parts of the world would put it out of the power of the Imperial Government to detail armed cruisers to protect the mail and passenger steamers throughout a voyage of seven thousand miles.

10. This consideration is fatal to the projected Canadian service, even were it available as a postal route, which it is not. The protracted Canadian winter and its extreme severity in the eastern provinces of the Dominion remove the Canadian-Australian mail project from consideration as a practicable one. The sentiment involved will not change the climate, nor will it render feasible what Nature has set its hand against.

Moreover, there is no probability of establishing trading relations with Canada. British Columbia is the only market which, from the actual conditions of settlement and transportation, is open to Australia and New Zealand in connection with a Canadian-Pacific postal service. Its population is estimated at eighty thousand, in a territory of 341,305 square miles, running to the Arctic regions. Victoria, the capital of Vancouver Island, has fourteen thousand inhabitants; but, should the projected Canadian-Pacific line to Australia be established, Victoria will not be a port of call, judging from the debate in the Dominion Parliament on that question, 23rd April, 1889. Vancouver, a new town of eight thousand inhabitants on Burrard's Inlet, will be the only market therefore, for Australian products, because the next town of any consequence on the Canadian-Pacific line is Winnipeg, in the province of Manitoba.

San Francisco is the principal point of supply for British Columbia, which has intimate trading relations with that city. The Canadian tariff is strongly protective and does not discriminate in favour of the Australian colonies. The export value of Canadian merchandise to Australia in 1887-88 was \$271,000 (£54,200), and of imports from Australia, mostly wool, \$120,000 (£24,000). This is the basis upon which it is proposed to build a trade between the Dominion of Canada, New Zealand, and Australia. Canada is a poor country, of six millions of people, which produces a surplus of agricultural products, timber, coal, and fish, and finds the United States its best market. The United States is a rich and growing country, with over sixty millions of people, who buy largely of Australian products, directly and indirectly, and whose market needs only to be intelligently exploited to largely increase the consumption of New Zealand and Australian products.

The United States has been a heavy buyer of kauri gum for many years; it is now a buyer of New Zealand flax. California buys one-fourth the total output of Australian coal, and would be a buyer of New Zealand coal also were the West Coast mines in a position to load large cargoes for export.

These facts, and antecedent argument, it is respectively submitted, are entirely favourable to continuing and improving the steam postal service between New Zealand and San Francisco, and against a service which cannot possibly open a market for New Zealand products, which could not be defended or protected in war, and which would be unavailable as a direct postal route during several months of each year.

11. By identifying the United States Government with New Zealand in a joint postal contract a strong sentiment in favour of the colony would be created throughout the Union, which might take the form of tariff discrimination in favour of some of its staple products. As a sovereign Power the United States can make whatever tariff discrimination public policy might dictate, whether by treaty or by statute; and, were the conditions of Australasian trade fairly and fully presented to the American Government and Congress, the probability is a strong one that Congress would adopt a policy calculated to foster and extend it under the American flag.

12. A fortnightly postal service with England in American bottoms to San Francisco would provide a check against a shipping monopoly, to the manifest advantage of New Zealand.

13. To insure the full advantages of a commercial and postal alliance with the United States it is respectfully submitted that a contract for a long term of years is necessary. It would enable the contractors to take effective steps to develop the colonial trade. To be effective this would involve a large expenditure of money, which could hardly be expected on a short contract. As the postal service on the basis proposed would be self-sustaining from the first, the public revenue would not be affected, while the trade and industries of the colony would be stimulated and enlarged. It is to the interest of the colony, therefore, that a long-term contract should be entered into.

14. No other proposal or scheme for a fortnightly mail-service with England carries with it