

9. It is true that of this sum some £220,000 might be expected to come back, but still New Zealand would have to face an increased burden of over half a million.

10. Thus, unless the commonwealth were prepared when taking the Customs and Excise revenue from the colony to assume also, as a condition precedent, the responsibility of the colonial debt, it seems impossible that New Zealand can seriously consider the proposal.

11. The distance at which New Zealand finds herself from Australia precludes her from hoping that any advantage can come from the military federation, which, in the case of the Continent, is one of the most important considerations in the question.

12. Added to these are very many minor considerations, the most important of which are that the relations between England and foreign powers in regard to the islands of the Pacific are now so far fixed as not to be capable of any important modifications in the immediate future.

13. That there is a confident expectation that the comparative size of New Zealand to Australia will have no effect to prevent the meting-out of perfect justice to the former in matters of Imperial concern by the Imperial Government, while the more democratic feel that a Senate which would be strong enough to protect State rights might have a tendency to stem the tide of democracy.

14. The proposal to establish intercolonial free-trade, with protection against the world, including Great Britain, and to take away the right of appeal to the Privy Council, has, despite the professions of the statesmen who composed the Convention, engendered a feeling which finds expression in the declaration of Mr. Ballance, the Premier of New Zealand, when he described it as "the declaration of an act of hostility, which confirms my impression that they intend at no distant date to break off from the Empire."

15. Your Lordship will gather from the above that I have not been able to find any indication of a desire to join in the proposals made by Sir Henry Parkes.

16. I am not disposed to believe that even in Australia federation will be accomplished within any very short time, and, if not, further consultation and discussion, now that so many points have been discussed, agreed upon and disposed of, may lead to bolder efforts to grapple with the real difficulties "the lions in the path."

17. The proposal to break down the wall of Protection set up in Australia and New Zealand against each other, which now costs £144,000 on New Zealand exports, and but £18,000 on Australian, is not sufficient to tempt the colony into federation.

18. A prospect of consolidation of the New Zealand and Australian debts, and conversion into a commonwealth loan at a greatly reduced rate of interest, would have a much better chance of smoothing away "the twelve hundred difficulties" which New Zealand statesmen see when they look across the Pacific at the sittings of the Federal Convention.

The Right Hon. Lord Knutsford, &c.

I have, &c.,
ONSLow.

No. 22.

(No. 30.)

My LORD,—

Wellington, 22nd May, 1891.

I have the honour to enclose, for your Lordship's information, a copy of certain documents relating to the honour of Cavalieri of the Crown of Italy, recently conferred upon Mr. George Fisher, of this city.

2. Mr. Fisher is desirous to obtain Her Majesty the Queen's consent to accept the order and to wear the insignia thereof; and I have to make application to your Lordship accordingly.

The Right Hon. Lord Knutsford, G.C.M.G.

I have, &c.,
ONSLow.