

a great pity and a retrograde step if such ties as have been established were to be cut. Sir Gordon Sprigg has sent us a very gracious proposal from the Cape, which shows the development of that system. We should be very glad to open up negotiations with Canada, if not precisely on the same lines, because its situation is somewhat different, yet on other lines.

"I come back to the point that we value generally: the contributions to the navy, not only for their amount, because, I frankly admit that, with our present vast estimates a contribution of £126,000 is not an item to which we should attach, at the Admiralty, any great importance. Of course, I cannot speak for the Chancellor of the Exchequer. Well, that being so, from the political point of view, I myself am in favour of the maintenance of the agreement. I have said that from the naval point of view I am also in favour of the maintenance of the agreement. Though I do not mean to say that it assists us to any great extent, it does produce between the Admiralty and the colonies certain ties which we value, and which I should be very sorry to do anything to loosen.

"From the strategical point of view, we should be glad that the Admiralty should have a free hand. I was glad to see that it has been acknowledged by the Premiers that the operations of the Australian squadron in the Solomon Islands, and generally in the Pacific groups, have a distinct colonial as well as an Imperial interest, and that no complaint could be raised against the employment of ships on the Australasian Station for purposes so distinctly colonial as many of these purposes are, though such employment might carry the ships a considerable distance from the Continent of Australia. But, apart from this, the object for which we want a free hand is to be able to conduct the defence of Australia on the same principles as those which we should follow in the defence of our English, Scotch, and Irish ports, principles which exclude our undertaking to detach ships to particular ports. For instance, we could not undertake to post one ship at Sydney, another at Adelaide, and another at Melbourne. We must rely upon the localities themselves for the defence of these ports, while, on our part, we undertake that no organized expedition should be directed against any part of Australia. No organized expedition could be sent either from Japan, or from the United States, or from France without the full knowledge of the Admiralty. That I assume. We are too ubiquitous for any such expedition to be secretly organized. If it were organized, our whole strength would be directed to defeating such a movement. I see that it has been suggested in a previous discussion that possibly we might, under stress, take away the ships which may be on the Australian Station, and for which you have partly paid and on which you rely, in order to send them to some distant quarter. But I cannot conceive any case, unless we actually lost our sea-power, when we should think it our duty not to defend so valuable a portion of our Empire as Australia, New Zealand, and Tasmania, for the safety of which we hold ourselves responsible in the same way as we hold ourselves responsible for the safety of the British Islands. I put this very strongly so that there may be no apprehension. In all our strategical combinations we have never conceived the possibility that we should expose such possessions as the Australian Colonies.

"Let me say another word on the suggestion of which mention has been made that it was the desire of the Admiralty to have full control of the Australian squadron in time of war, even so far as to send the ships paid for by the Australian Colonies thousands of miles away to attack the commerce of an enemy. This rumour has probably originated from our claiming freedom in the sense in which I have claimed it.

"If it has been said that we want to have the full and free disposal of our ships, this certainly, as far as my own policy and that of the present Board is concerned, does not mean that we claim to withdraw the ships built under our agreement with the Australian Colonies and to send them to the Cape or to China, but that we desire freedom so to manage the ships as best to protect that zone and that sphere to which they belong if we heard that an enemy were planning an expedition towards the coasts of Australia. In such a case we might possibly gather the whole of our ships together, and, taking such other precautions as might be necessary, use them regardless—regardless is, perhaps, too strong a word—but use them as we should see best for the protection of the general interests of that part of the Queen's dominions.

"I know that an erroneous impression has existed that, not only in the colonies but at Home, we should station ships to defend particular ports. Take Liverpool for instance. We, the navy, are under no guarantee to defend Liverpool. The defences of Liverpool are in the hands of the army, who practically manage the torpedoes and the mines, the shore defences in fact. It is the army ashore which is responsible, with such co-operation as might be necessary if a comparatively large expedition were to threaten the place. This is the freedom which we claim.

"The misunderstanding has arisen, I have been told, from the interpretation of a speech of the Duke of Devonshire. I know that speech well. It did not for one moment, to my mind, justify the fear that we should, in breach of our agreement with Australia, claim to withdraw the ships from thence which had been paid for by colonial contributions. The principal point in that speech was a protest against the idea of what I call hugging the shore, against the idea that protection by the navy superseded the necessity for shore defences. It laid down the principle that our policy must be aggressive, seeking out the enemy, a policy which, as regards Australia, might aim at attacking the possessions of other powers at war with us in the Australian zone, or as seeking out their ships within the Australian station wherever they might be. Hence our claim for freedom for the navy. Hence the duty of the colonies as well as the Mother-country to look after their shore defences. I do not say that we should not prefer contributions without any tie whatever, but I do not make such a demand, and, so far as the policy of the present Board of Admiralty is concerned, I am prepared to stand by the existing agreement."

After hearing Mr. Goschen, the Conference passed the following resolution: "That the statement of the First Lord of the Admiralty with reference to the Australian squadron is most satisfactory, and the Premiers of Australasia favour the continuance of the Australian squadron under the terms of the existing agreement." This resolution was supported by all the Australasian