

throughout the Empire; it is owing to its trade with those colonies—a trade in which, of course, they are equally interested with ourselves—that the necessity has been cast upon us to make these enormous preparations. And I think, therefore, you will agree with me that it is not unreasonable for us to call your serious attention to a state of things which cannot be permanent. I hope that we are not likely to make upon you any demand which would seem to you to be excessive. We know perfectly well your difficulties, as you probably are acquainted with ours. Those difficulties are partly political, partly—principally, probably—fiscal difficulties. The disproportion to which I have called your attention cannot under any circumstances be immediately remedied, but I think that something may be done—I hope that something will be done—to recognise more effectually than has hitherto been done the obligation of all to contribute to the common weal. In respect to this matter we again owe it to the initiative of the Government of New Zealand that proposals have been laid before us for our consideration. I myself intend to circulate papers which bear upon the subject, and which will explain to you the views which are taken by the Admiralty and the War Office upon these matters; and at subsequent meetings of this Conference I shall, with your permission, invite the attendance of representatives of these Departments, and I hope at the same time you may see fit to bring with you any Ministers or other officials whose advice and assistance you would desire in the consideration of the matter.

COMMERCIAL RELATIONS.

I pass on, then, gentlemen, to the second point—the question of commercial relations, and in regard to this I wish to say, what I have already stated in answer to inquiries which I received before the Conference, that every question is an open question for full and free discussion. We rule nothing out of order. We do not pretend to debar the consideration of any subject, whatever its purport may be, but we do not propose ourselves to formulate any proposals in the first instance. We think it is absolutely necessary in a matter of this kind, which involves so many considerations of detail, that there should be in the first instance a free interchange of opinion in order that we may not put before you suggestions which perhaps we should find afterwards were altogether out of harmony with your views, but if it appears hereafter desirable, after full discussion, to make proposals I have no doubt we shall be able to do so.

In reference to this matter, also, I am placing papers before you which will give you a very full account of the present state of trade between the colonies and the Mother-country, and also a matter which is very important for us to consider, of the condition of trade between the United Kingdom and foreign countries; and, without going into detail, I would say there are two salient facts which appear on the surface of these fuller returns which I shall put before you. The first is this: that if we chose—that is to say, if those we represent chose—the Empire might be self-sustaining; it is so wide; its products are so various; its climates so different, that there is absolutely nothing which is necessary to our existence, hardly anything which is desirable as a luxury, which cannot be produced within the borders of the Empire itself. And the second salient fact is that the Empire at the present time, and especially the United Kingdom—which is the great market of the world—derives the greater part of its necessities from foreign countries, and that it exports the largest part of its available produce—surplus produce—also to foreign countries. This trade might be the trade, the inter-Imperial trade of the Empire. It is at the present time, as I say, a trade largely between the Empire and foreign countries. Now, I confess that to my mind that is not a satisfactory state of things, and I hope that you will agree with me that everything which can possibly tend to improve the interchange of products between the different parts of the Empire is deserving of our cordial encouragement. What we desire, what His Majesty's Government has publicly stated to be the object for which they would most gladly strive, is a free interchange. If you are unable to accept that as a principle, then I ask you how far can you approach to it? If a free interchange between the different parts of the Empire could be secured it would then be a matter for separate consideration altogether what should be the attitude of the Empire as a whole or of its several parts towards foreign nations? The first thing we have to do, the thing which touches us most nearly, is to consider how far we can extend the trade between the different parts of the Empire—the reciprocal trade.

Our first object then, as I say, is free-trade within the Empire. We feel confident—we think that is a matter which demands no evidence or proof—that if such a result were feasible it would enormously increase our inter-Imperial trade; that it would hasten the development of our colonies; that it would fill up the spare places in your lands with an active, intelligent, and industrious, and, above all, a British population; that it would make the Mother-country entirely independent of foreign food and raw material. But when I speak of free-trade it must be understood that I do not mean by that the total abolition of Customs duties as between different parts of the Empire. I recognise fully the exigencies of all new countries, and especially of our self-governing colonies. I see that your revenue must always probably, and certainly for a long while to come, depend chiefly upon indirect taxation. Even if public opinion were to justify you in levying direct taxation, the cost of collecting it in countries sparsely populated might be so large as to make it impossible. But in my mind, whenever Customs duties are balanced by Excise duties, or whenever they are levied on articles which are not produced at home, the enforcement of such duties is no derogation whatever from the principles of free-trade as I understand it. If, then, even with this limitation, which is a very important one, which would leave it open to all colonies to collect their revenues by Customs duties and indirect taxation, even if the proposal were accepted with that limitation, I think it would be impossible to overestimate the mutual advantage which would be derived from it, the stimulus to our common trade, and the binding force of the link which such a trade would certainly create.

But, gentlemen, I am unfortunately aware that up to the present time no proposal so far-reaching has come to us from any of the colonies. Three proposals have been made for the con-