

(No. 20.)



1872.

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T A S M A N I A.

LEGISLATIVE COUNCIL.

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INTERCOLONIAL FREE TRADE.

CORRESPONDENCE AND PAPERS.

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Laid upon the Table by Mr. Wilson, and ordered by the Council to be printed,  
June 25, 1872.



## INTERCOLONIAL FREE TRADE.

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South Australia,  
Chief Secretary's Office, Adelaide, 3rd November, 1871.

SIR,

I HAVE the honor by desire of His Excellency Sir James Fergusson to forward herewith for the information of your Government copy of a Bill passed by the Legislature of this Province, intituled "An Act to make better provisions for the Interchange of Colonial Products and Manufactures between the Colonies of Australasia," which was reserved by His Excellency on the 26th ultimo for the signification of Her Majesty's pleasure thereon.

I have, &c.,

(Signed)

WILLIAM MILNE,

The Hon. the Colonial Secretary, Tasmania.



ANNO TRICESIMO-QUINTO

VICTORIÆ REGINÆ,

A.D. 1871.

No. 4.

AN ACT to make better provisions for the Interchange of Colonial Products and Manufactures between the Colonies of Australasia. [Reserved, 26th October, 1871.]

*Preamble.*] WHEREAS the free interchange between the Colonies of New South Wales, Victoria, Tasmania, Queensland, Western Australia, New Zealand, and South Australia of their respective products and manufactures is restricted by reason of the obligation which is now by law imposed upon the said Colonies to subject such products and manufactures, upon admission into any of the said Colonies, to the same duties of customs as are imposed upon the like products and manufactures when the same are imported from other places: And whereas such restriction prejudicially affects the trade and commerce between the said Colonies, and it is desirable that such restriction should be removed or modified: And whereas it is necessary to this end that each of the said Colonies should be empowered to make arrangements with the others for the interchange of their respective products and manufactures, on such terms as may be mutually agreed upon—Be it therefore Enacted by the Governor of the Province of South Australia, with the advice and consent of the Legislative Council and House of Assembly of the said Province, in this present Parliament assembled, as follows:—

1 Governor of South Australia may enter into agreements with other Colonies for admission of products, &c.] The Governor, with the advice of the Executive Council, may enter into an agreement with the Governors of the Colonies of New South Wales, Victoria, Tasmania, Queensland, Western Australia, and New Zealand, or with any of them, for the admission into South Australia of all or any of the products or manufactures (except spirits and tobacco) of the said Colonies, or of any of them, free from customs duties, or other charges, or at such reduced duties and charges as the Governor, with the advice aforesaid, thinks fit: Provided that every Colony with whose Governor such agreement shall be entered into, shall agree to admit the products and manufactures of South Australia, or some of them (except spirits and tobacco) either free from all duties and charges, or at such reduced duties and charges as may be agreed upon.

**2 Period of Agreement.]** Any such agreement may be entered into for a period not exceeding ten years; but there shall be inserted in such agreement a stipulation that such agreement may be terminated by any or either of the parties thereto after one year's notice of the intention to terminate such agreement shall have been given to the other party or parties to such agreement in a manner to be provided therein.

**3 Agreements may be altered.]** Any such agreement may be altered or terminated at any time by the Governor, with the advice of the Executive Council, with the consent of the Governor of every Colony who is a party to such agreement, or may be terminated by notice to be given as before mentioned, but not otherwise.

**4 Proclamation of products, &c., exempted from duty.]** The Governor shall, by Proclamation to be published in the *South Australian Government Gazette*, declare and make known the products and manufactures which under such agreement are exempted from duty and charges, or subjected to reduced duty and charges, as the case may be, and thereupon such products and manufactures may be imported free of duty, or other charge, or subject to such reduced duty or charge as is set forth in such Proclamation, so long as such agreement as aforesaid continues in force.

**5 Proclamation of alteration of agreement.]** Every alteration or rescission of any such agreement shall be made known by Proclamation to be published in the said *Gazette*.

**6 Orders in Council for carrying Act into effect.]** The Governor, with the advice of the Executive Council, may make orders for carrying this Act into effect, and for determining what articles come within its provisions; and any such orders may from time to time be altered or rescinded by the Governor, with the advice aforesaid: Provided that all such orders shall be published in the said *Gazette*.

**7 Short title.]** This act may be cited as the "Intercolonial Free Trade Act, 1871."

I reserve this Bill for the signification of Her Majesty's pleasure thereon.

JAMES FERGUSSON, *Governor*.

*Tasmania,*  
*Colonial Secretary's Office, 15th November, 1871.*

SIR,

I HAVE the honor to acknowledge with thanks the receipt of your letter under date the 3rd inst. forwarding for the information of this Government copy of a Bill passed by the Legislature of South Australia, intituled "An Act to make better provisions for the Interchange of Colonial Products and Manufactures between the Colonies of Australasia," which was reserved by His Excellency on the 26th ultimo for the signification of Her Majesty's pleasure thereon.

I have, &c.,

(Signed) J. M. WILSON.

*The Hon. the Chief Secretary, South Australia.*

*New Zealand,*  
*Colonial Secretary's Office, Wellington, 22nd November, 1871.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 18th ultimo, enclosing a copy of the Report of the proceedings of an Intercolonial Conference held in Melbourne last month in reference to the subject of Reciprocity, and in reply to express to you my satisfaction at the course which has been taken in the matter, which is concurred in by the New Zealand Government.

I have, &c.,

(Signed) W. GISBORNE.

*The Hon. the Colonial Secretary, Tasmania.*

No. 23.

*Government House, Tasmania, 25th March, 1872.*

MY LORD,

I HAVE the honor to forward to your Lordship a Memorandum addressed to me by the Colonial Secretary drawing my attention to the position, with reference to Her Majesty's Government and to the Parliament of Tasmania, of the "Intercolonial Free Trade Act" which was passed in the Tasmanian Parliament in 1870, and reserved for the signification of Her Majesty's pleasure.

2. I have no doubt that the whole question of Intercolonial Reciprocity is one which has occupied the attention of Her Majesty's Government previous to the meeting of Parliament, and that their decision thereon will be communicated to these Colonies at the earliest possible period.

3. Under these circumstances, and having already fully stated my views upon this question in previous Despatches, I see no necessity for troubling your Lordship with any further remarks on this Memorandum.

I have, &c.,

(Signed) CHARLES DU CANE.

*The Right Hon. the EARL OF KIMBERLEY.*

## MEMORANDUM.

Mr. Wilson has the honor to draw His Excellency's attention to the position, with reference to Her Majesty's Government and to the Parliament of Tasmania, of "The Intercolonial Free Trade Act" of 1870, reserved for the signification thereon of Her Majesty's pleasure.

On the 23rd March last Mr. Wilson, in a Memorandum on the Intercolonial Free Trade Acts of Tasmania and New Zealand, suggested to His Excellency that "Her Majesty's Government might be opportunely and legitimately moved to propose to the Imperial Parliament such an enabling measure as would meet the actual recent Tariff legislation of New Zealand and Tasmania, now awaiting the signification of Her Majesty's pleasure thereon, and provide beforehand for the contemplated legislation on cognate questions of the Australian Colonies generally."

Mr. Wilson now begs to remind His Excellency that the principle of Intercolonial Free Trade, or Intercolonial Tariff Conventions, has received the legislative sanction of the Parliaments of New Zealand, South Australia, and Tasmania; and that the Governments of New South Wales, Tasmania, South Australia, and Victoria, represented by delegates at the Intercolonial Conference of 1871, have recorded their opinion in formal Resolutions for transmission to the Secretary of State, to the effect "that the Australian Colonies claim to enter into arrangements with each other, through their respective Legislatures, so as to provide for the reciprocal admission of their respective products and manufactures, either duty free, or on such terms as may be mutually agreed upon;" and "that so much of any Act or Acts of the Imperial Parliament as may be considered to prohibit the full exercise of such right should be repealed."

And Mr. Wilson begs His Excellency to remember that these Resolutions do no more than reiterate and endorse the conclusions arrived at by the Intercolonial Conference of 1870, at which the Governments already named, by the votes of their delegates, resolved, "That in the opinion of this Conference the Australasian Colonies ought to be enabled to enter into arrangements with each other which would allow of the reciprocal admission of their respective products and manufactures duty free, or on such terms as might be mutually agreed upon, and that so much of the Acts of the Imperial Parliament as prohibit such engagements ought to be repealed."

Under these circumstances Mr. Wilson conceives that Her Majesty's Government is now in possession—as suggested in his Memorandum of the 22nd October, 1870—of "the expression, by legislation or petition, of the opinions entertained on this question by the majority of the Australian Colonies."

The time would, therefore, seem to have arrived when His Excellency's Advisers are entitled to ask Her Majesty's Government to deal with "The Intercolonial Free Trade Act."

Two courses would seem to be open to the Imperial authorities:—To advise Her Majesty to assent at once to the Reciprocity Acts of the Legislatures of New Zealand, South Australia, and Tasmania; or—to propose to the Imperial Parliament a Bill enabling Her Majesty to assent to the Acts of Colonial Legislatures passed for the purpose of establishing in the Australasian Colonies Intercolonial Reciprocity, either in the shape of Tariff Conventions or of a Customs Union.

Mr. Wilson deems it unnecessary to enter now into any further discussion of the questions involved in this suggestion. These have been amply and sufficiently ventilated in the copious official papers which have been printed from time to time by order of Australasian Legislatures.

The views of Her Majesty's Government, and of the Colonial Legislatures and Governments, are now recorded on these points; and though they may approach the subject from different directions, it may be fairly assumed that they are actuated by a common anxiety to arrive at a decision that shall practically leave these Colonies at liberty to arrange their fiscal regulations on such terms as are best calculated, in the opinion of their respective Legislatures, to promote at once the development of their natural resources, the unrestricted interchange of their manufactures and productions, their mutual amity, and their common attachment to the Mother Country.

The Parliament of Tasmania is naturally anxious to be made acquainted with the advice tendered to Her Majesty on "The Intercolonial Free Trade Act, 1870;" and the Governor's Advisers trust that, under all the circumstances of the case, His Excellency will urge the Right Honorable the Secretary of State for the Colonies to advise Her Majesty to assent to that measure.

Should that course be followed, the Royal Assent would no doubt be simultaneously given to the Reciprocity Acts of South Australia and New Zealand; and thus three Colonies would be placed in a position to make an experiment of the practical value of those principles of Intercolonial fiscal legislation which may now be said to govern the financial theories of a majority of the Governments and Parliaments of Australasia.

(Signed) J. M. WILSON.

Colonial Secretary's Office, 23rd March, 1872.

*His Excellency the Governor.*

TASMANIA.

(Circular.)

*Downing-street, 19th April, 1872.*

SIR,

HER Majesty's Government have had before them your Despatch, No. 39, of the 29th of September last, and also the Despatches from the Governors of the other Australasian Colonies, of which copies are enclosed, in reply to my Circular Despatch of the 13th of July of last year.

As the Resolutions signed by the Delegates of the Australian Colonies, and the Memorandum conveying the views of the New Zealand Government, relate to the same subject, it will be convenient that I should deal with them in the same Despatch.

Her Majesty's Government have no desire to enter upon a controversy on points of detail as to the Tariff arrangements of the Colonies. On the contrary, believing, as they do, that such controversies can scarcely be carried on without leading to misunderstandings and differences, they are anxious that their decision on the questions now before them should be based upon broad principles of policy, so as to avoid the irritation which is sure to arise from constant demands on the one side, and concessions on the other. But after an attentive consideration of the various documents submitted to them, Her Majesty's Government are of opinion that, looking to the gravity of the issues raised by the Colonial Governments, involving, as they do, the commercial relations of the whole Empire, and even the right of the Imperial Government to conclude Treaties binding the Colonies, they ought not to come to a final decision without further friendly discussion, inasmuch as it appears to them to be required, in order that the nature and extent of the questions which have to be determined may be fully understood both in this Country and in the Colonies. I will therefore proceed to examine the demands which are now put forward.

The Resolutions signed by the Delegates from New South Wales, Tasmania, South Australia, and Victoria claim that the Australian Colonies shall have the right to make arrangements with each other for commercial reciprocity, that no Treaty shall be concluded by the Imperial Government interfering with the exercise of such right; and that Imperial interference with Intercolonial fiscal legislation shall absolutely cease.

The Resolutions signed by the Delegates from New South Wales, Tasmania, and South Australia enter into fuller details. They maintain the right of the Australian Legislatures to control their fiscal policy as between themselves without interference on the part of the Imperial Government; they express the desire that the connection between this Country and her Colonies in Australia may long continue; they deny that any Treaty can be constitutionally made which treats those Colonies as foreign Countries; they maintain that foreign Governments ought not to be allowed to become parties to stipulations respecting the trade of one part of the Empire with another, whether by land or sea; they declare that, if the Article in the Treaty with the Zollverein, referred to in my above-mentioned Despatch, were interpreted so as to prevent the Australian Colonies from imposing differential duties as between themselves and foreign Countries, those Colonies would claim to be considered free from the obligation; and they refer to the agreement between New South Wales and Victoria as to Border Duties as a precedent for reciprocal arrangements between the Colonies. Lastly, the Delegates who sign these resolutions, whilst they agree that efforts should be made in the Colonial Legislatures to provide for mutual freedom of trade, assert the right of the Colonies which they respectively represent to impose such duties on Imports from other places, not being differential, as each Colony may think fit.

The Memorandum by Mr. Vogel, expressing the views of the New Zealand Government, commences by an examination of the Acts which have been passed giving to the British North American Colonies certain powers as to reciprocity with each other and with the United States; it then proceeds to discuss the question of Treaty obligation, and on this point it observes, that "it is a matter which should create much satisfaction, on broad and enlightened National grounds, that the right of Her Majesty's Colonies to make between themselves arrangements of a federal or reciprocal nature, without conflicting with Treaty agreements, has been recognised."

The New Zealand Government think "it would have been demoralising to the young Communities of Australasia, had they been taught to believe that reciprocal tariff arrangements between the Colonies were inconsistent with Her Majesty's Treaties with Foreign Powers, but that they could over-ride the spirit of such Treaties by the subterfuge or evasion of a Customs Union."

They suggest that the object of the Zollverein Treaty seems to be to prevent the Colonies making such reciprocal arrangements with the United Kingdom of Great Britain and Ireland as from time to time may be found desirable, and they ask "why a Foreign Treaty should contain a provision tending to preclude the union of different parts of the Empire?"

They urge that in considering the subject the question should not be confined to that of mere Intercolonial arrangements.

"It may be for the interest of the Australian Colonies, just as much as it has been for that of the British American Colonies, that arrangements should be made to admit free articles from the United States or from some other Country. It is desirable that the Secretary of State should define the position of the Australasian Colonies in this respect."

They conclude by pointing out that "Great Britain must logically do one of two things, either leave the Colonies unfettered discretion; or, if she is to regulate Tariffs or reciprocal Tariff arrangements, or to make Treaties affecting the Colonies, give to the Colonies representation in matters affecting the Empire. In other words, she must apply in some shape to the Empire that federation which, as between the Colonies themselves, Her Majesty's Ministers constantly recommend. To urge the right of Great Britain to regulate these matters under present circumstances, is to urge that the interests of the Colonies should be dealt with in the absence of the requisite knowledge of their wants and requirements."

It is apparent at once that these propositions, taken together, go far beyond what was understood by Her Majesty's Government to be the original request—namely, that the Australasian Colonies should be permitted to conclude agreements amongst themselves, securing to each other reciprocal Tariff advantages.

I will deal in the first place with the point raised as to the obligation of the Australian Colonies to conform to the Seventh Article of the Zollverein Treaty.

Her Majesty's Government apprehend that the Constitutional right of the Queen to conclude Treaties binding all parts of the Empire cannot be questioned, subject to the discretion of the Parliament of the United Kingdom, or of the Colonial Parliaments, as the case may be, to pass any Laws which may be required to bring such Treaties into operation.

But no Acts of the Australian Legislatures could be necessary to give validity to a stipulation against differential duties, inasmuch as by the Australian Colonies Government Act, 13 & 14 Vict. cap. 59, Sect. 27, it is provided, that "no new duty shall be imposed upon the importation into any of the said Colonies of any article the produce and manufacture of, or imported from, any particular Country or place which shall not be equally imposed on the importation into the same Colony of the like article, &c. from all other Countries and places whatsoever." And the Constitution Acts of New South Wales, Victoria, and Queensland contain like provisions. Moreover, the Australian Colonies Government Act, and the New Zealand Constitution Act, prohibit the Colonial Legislatures from levying any duty, imposing any prohibition or restriction, or granting any exemption or privilege upon the importation or exportation of any articles contrary to, or at variance with, any Treaty concluded by Her Majesty with any Foreign Power.

If, therefore, Article Seven of the Zollverein Treaty were construed to prevent the Australian Colonies from imposing higher duties upon goods imported from the Zollverein than upon goods imported from each other, it is manifest that Her Majesty would not have exceeded her Constitutional powers in agreeing to such a stipulation, and that the Colonies could not refuse to consider themselves bound by it without repudiating the Treaty.

Her Majesty's Government, after a further careful examination of the Zollverein Treaty, remain of opinion that the strict literal interpretation of the Seventh Article of that Treaty does not preclude the imposition of differential duties in one British Colony or Possession in favour of the produce of another British Colony or Possession; but they must at the same time point out that it could hardly have been intended that by reciprocal arrangements between Colonies, perhaps far distant from each other, the produce of the Zollverein should be placed at a disadvantage as compared with Colonial produce, whilst Colonial produce should enjoy in the ports of the Zollverein all the privileges of the most favoured Nation.

No doubt the negotiators of this Treaty thought that they had obtained sufficient security for the Zollverein as regards the Intercolonial trade by the provision that "in the Colonies and Possessions of Her Majesty the produce of the States of the Zollverein should not be subject to any higher or other Import Duties than the produce of the United Kingdom;" but if the Colonies are to be at liberty to impose Differential Duties as against British produce, it is obvious that this security altogether disappears.

Apart, however, from the obligations of existing Treaties, it is necessary to consider the effect of the general views expressed by the Australian and New Zealand Governments on the subject of Commercial Treaties.

It is easy to understand the claim asserted in the second of the Resolutions to which the Victorian Delegates were parties, that no Treaty entered into by the Imperial Government with any Foreign Power should in any way limit or impede the exercise of the right of the Australian Colonies to enter into reciprocal tariff arrangements with each other; but it is not at first sight so clear what is meant by the statement in the other set of Resolutions, that no Treaty can be properly or constitutionally made which directly or indirectly treats those Colonies as Foreign Communities.

It seems inconsistent to object to stipulations which treat the Colonies as separate communities, so far as relates to their fiscal arrangements, on the ground that the Colonies are thus treated as Foreign Communities, when a claim is at the same time set up by the Colonies to treat the United Kingdom itself as a Foreign Community by imposing Differential Duties in favour of other parts of the Empire as against British produce.

But the meaning is, I apprehend, to be gathered from the succeeding paragraph, which affirms that Foreign Governments ought not to be allowed to become parties to stipulations respecting the trade of one part of the Empire to another, whether by land or sea; and further light is thrown upon it by the observations in the New Zealand Memorandum, that the object of the Treaty with the Zollverein seems to be to prevent the Colonies making reciprocal arrangements with the United Kingdom,—that “if Great Britain were to confederate her Empire, it might and probably would be a condition that throughout the Empire there should be a free exchange of goods,” and that the effect of the Zollverein Treaty “is to make Great Britain hold the relation of a Foreign Country” to her Colonies.

It seems, therefore, to follow that in the opinion of some at least of the Australasian Governments the ports of the United Kingdom should not, as at present, be open to the produce of the whole world on equal terms, but that the produce of the Colonies should be specially favoured in British Ports, or in other words, that we should abandon the principles of Free Trade and return to the old system of Differential Duties. The New Zealand Memorandum, indeed, suggests that the best arrangement would be a Customs Union embracing the whole Empire; but it may, perhaps, be thought that if it has been found impossible for adjacent communities, such as those of Australia, to come to an agreement for a common system of Customs Duties, it is scarcely worth while to consider the possibility of so vast a scheme as the combination of all parts of the British Empire scattered over the whole globe, under such widely varying conditions of every kind, in one Customs Union. But apart from the insuperable practical difficulties of such a scheme, it is sufficient to point out that its results, if it could be adopted, would certainly not be to promote the views of commercial policy set forth in the papers now under consideration. For, in such a Customs Union, Great Britain, with her wealth and population, must for an indefinite period exercise a greatly preponderating influence; and it is not to be supposed that the people of this country would, in deference to the views of the Colonies, depart from the principles of Free Trade, under which the trade and commerce of the Empire has attained to such unexampled prosperity.

The New Zealand Government seem not to have perceived the difference in principle between the formation of a Customs Union and the conclusion of reciprocity agreements. Customs Unions, which have hitherto, as far as I am aware, never been formed except between neighbouring communities, have for their object the removal of the barriers to trade created by artificial boundaries, and the establishment of a cheaper and more convenient mode of collecting the Customs Revenue of the united countries. But the formation of such a Union does not in itself involve any question of protection to native industry, nor of inequality of treatment of imports from countries not belonging to the Union. On the other hand, such reciprocity arrangements as the Colonies desire to conclude are not confined to the promotion of free intercourse between each other, but are intended to secure for the trade of the respective Colonies special advantages as against imports from other places in return for corresponding concessions. It is no doubt true, as the New Zealand Memorandum points out, that reciprocity agreements might somewhat mitigate the evils of the “retaliatory tariffs of a protective character which have grown up” in the Australasian Colonies. But, although they might avert the ruinous policy of retaliation, they would also tend to perpetuate and strengthen the system of protection, and to aggravate in other quarters the very evils which as between the favoured Colonies they would professedly diminish.

A Customs Union, while it would incidentally secure important advantages to native industry by the removal of all obstacles to internal trade, would do so without establishing the principle of Differential Duties.

The Colonies forming the Union might, no doubt, pursue a protectionist policy; and as Her Majesty's Government have ceased to interfere with the right of the self-governing Colonies individually, as claimed in the Memorandum signed by the New South Wales, Tasmanian, and South Australian Delegates, “to impose such duties on imports from other places not being differential as each Colony may think fit,” they would have no reason for interfering with the right of a Colonial Customs Union to impose such duties; but there would be nothing in the Union itself, as there would be in the proposed reciprocity agreements, inconsistent with the maintenance of the present rule against Differential Duties.

Moreover, if the principle of Differential Duties were admitted, it would be very difficult to limit the application of the principle to agreements between particular Colonies.

The New Zealand Memorandum points out that “the vast limits of the United States bring that Country into ready communication with Australia as well as with British America, and that it may be for the interests of the Australasian Colonies, just as much as it has been for that of the British American Colonies, that arrangements should be made to admit free articles from the United States, or from some other country.”

These are the logical consequences of the adoption of the system of reciprocity agreements, but no such questions are involved in the establishment of a Customs Union.

It is observed in the New Zealand Memorandum that the measure proposed by the Colonial Governments may be used to make similar arrangements to those which were introduced in the Treaty with France, devised by the late Mr. Cobden.

Her Majesty's Government would certainly have no ground for objection if the Colonial Governments proceeded upon the principles which were acted upon by this Country in the case of that Treaty. Instead of establishing differential duties the British Government extended to all Countries the benefit of the concessions made to France, and, far from seeking any exclusive privileges for British trade, they cherished the hope, unfortunately now frustrated, that the Treaty would pave the way to the complete adoption by France of the system of Free Trade with all nations.

Some stress is laid upon the agreement made in 1867, between Victoria and New South Wales, respecting the duties on the land frontier between the two Colonies, as affording a precedent for reciprocity agreements between the Colonies. It appears to me that the agreement of 1867 was rather of the nature of a limited Customs Union. No differential duties were imposed under it upon goods entering the ports of Victoria or New South Wales; but, so far as concerned commercial intercourse by land, the two Colonies were united, the loss to the New South Wales Treasury by the arrangement being redressed by a yearly payment of £60,000 by Victoria.

The precedents in the case of the North American Colonies are, however, to a certain extent in point, as I have already admitted in my Despatch of the 13th July last year. It may indeed be observed that, as the whole of the British Possessions on the Continent of North America are now united in one Dominion, the application of the principle of Intercolonial reciprocity is exceedingly limited, being confined to Prince Edward Island and Newfoundland; and that as regards reciprocity between the Dominion and the United States, the contiguity of their respective territories along a frontier line now extending across the entire Continent, renders the case so peculiar that the precedent cannot fairly be applied to the commercial relations of Australasia, which is separated from the United States by the Pacific Ocean.

But it cannot be denied that reciprocity bargains may be made between Countries far remote from each other; and that the ever increasing facilities of communication between all parts of the world must render it more and more difficult to maintain distinctions based upon merely geographical considerations.

All these complications would be avoided if the Colonies adhered to the Free Trade policy of this Country. Not the least of the advantages of that policy is that, as it seeks to secure no exclusive privileges, it strikes at the root of that narrow commercial jealousy which has been one of the most fertile causes of international hatred and dissensions.

Her Majesty's Government believe that Protectionist Tariffs and Differential Duties will do far more to weaken the connexion between the Mother Country and her Colonies than any expressions of opinion in favour of a severance, such as are alluded to in the Resolutions of the Delegates from three of the Australian Colonies.

Whilst, however, Her Majesty's Government deeply regret that any of the Australasian Colonies should be disposed to recur to what they believe to be the mistaken policy of protection, they fully recognize, so far as the action of the Imperial Government is concerned, the force of the observations made by the Chief Secretary of Victoria, in his Memorandum of October 7th, 1871, "that no attempt can be more hopeless than to induce free self-governed States to adopt exactly the same opinions on such questions as Free Trade and Protection which the people of England happen to entertain at that precise moment;" and they are well aware, to use again Mr. Duffy's words, "that the Colonists are naturally impatient of being treated as persons who cannot be entrusted to regulate their own affairs at their own discretion."

Similarly, Mr. Wilson, Chief Minister of the Tasmanian Government, in his Memorandum of September 11, 1871, observes, that "it is only on an abstract theory of the superior advantages of a Free Trade policy that the Secretary of State objects to a proposal which seems to sanction protection under the name of reciprocity. These are views," he goes on to state, "which can find no acceptance with Colonial Legislatures under a system of Constitutional Government." It is obvious that a prolonged controversy on a subject on which the opinions entertained on either side are, unfortunately, so entirely at variance would not tend to promote the principles of Free Trade, opposition to which would become identified in the minds of the Colonists with the assertion of their rights of self-government; and that it could scarcely fail to impair those relations of cordial and intimate friendship which both the Imperial and the Colonial Governments are equally desirous to maintain.

But, although for these reasons Her Majesty's Government might not feel justified in refusing to allow the Colonists to adopt the policy which they think best for their own interests, they desire to point out that, in order to meet the views of the Colonial Governments as expressed in the papers now before me, it would be necessary not only to repeal so much of "The Australian Colonies Government Act," 13 & 14 Vict. Cap. 59, as prevents the imposition of differential duties, but to exempt the Colonies in question from the operation of any future Commercial Treaties which may be concluded by this Country containing stipulations against such duties, leaving them at liberty, subject to the obligations of existing Treaties, to make such arrangements as they may think fit for reciprocity with each other, or with Foreign Nations; and, before so serious a step is taken, they would ask the Colonists gravely to consider the probable effects of a measure which might tend materially to affect the relations of the Colonies to this Country and to the rest of the Empire. In the meantime they have thought it right not to proceed in this matter until the Australasian Governments concerned have had an opportunity of communicating any further observations which they may desire to make in explanation of their views.

I have the honor to be,

Sir,

Your most obedient humble Servant,

KIMBERLEY.

Governor DU CANE.

## ENCLOSURES.

### NEW SOUTH WALES.

*The EARL OF BELMORE to the EARL OF KIMBERLEY.*

(No. 161.)

*Government House, Sydney, October 6, 1871.*

MY LORD,

I HAVE the honor to transmit the copy of a letter which I have received to-day from Sir James Martin, the First Minister, respecting the proceedings at the recent Intercolonial Conference at Melbourne.

2. I also inclose one from Mr. Robertson, the Colonial Secretary, forwarding certain printed papers, marked A and B in duplicate, which should form the enclosures to Sir James Martin's letter, together with six copies of a Memorandum of the proceedings of the Conference.

3. The paper marked A is, in fact, a reply to your Lordship's Circular of the 13th July on inter-colonial tariff arrangements.

I have, &c.,

(Signed) BELMORE.

Enclosure 1 in No. 161.

*Sir JAMES MARTIN to the EARL OF BELMORE.*

*Attorney-General's Office, October 6, 1871.*

MY LORD,

I HAVE the honor to inform your Excellency that at a meeting of the delegates from the Colonies of New South Wales, Tasmania, South Australia, Queensland, and Victoria, held in Melbourne on the 27th ultimo, a Memorandum, of which a copy (marked A) is herewith transmitted, was agreed to and signed by the delegates from New South Wales, Tasmania, and South Australia. The third paragraph of that Memorandum was specially objected to by the delegates of Victoria; and the delegates from Queensland, acting on instructions from their Government, declined to become parties to any Resolution unconnected with the postal question. The objection of the Victorian Delegates was so strong that they declined to submit the Memorandum to their Parliament as a part of the proceedings of the Conference, and their minute of such proceedings differs from ours in not containing a copy of such Memorandum.

2. Certain Resolutions, of which a copy is herewith sent, were agreed to, and signed by the delegates of New South Wales, Tasmania, South Australia, and Victoria.

3. On behalf of the Cabinet I have the honor to request your Excellency to transmit copies of the Memorandum and Resolutions to the Right Honorable the Secretary of State for the Colonies.

I have, &c.,

(Signed) JAMES MARTIN.

Enclosure 2 in No. 161.

*Mr. ROBERTSON to the EARL OF BELMORE.**Sydney, October 6, 1871.*

MY LORD,

REFERRING to the letter of Sir James Martin on the subject of the Conference at Melbourne, which I had the honour to hand to your Lordship at the Executive Council to-day, I beg to forward enclosed copies of the Memorandum and Resolutions therein referred to, and to add that, having, at the request of Sir James Martin, submitted his letter to the Cabinet here, it met with their entire concurrence.

I have, &amp;c.,

(Signed) JOHN ROBERTSON.

Enclosure 3 in No. 161.

No. 6.

*REPORT of Proceedings of Intercolonial Conference.*

A CONFERENCE of Delegates from the Colonies of Victoria, New South Wales, South Australia, Tasmania, and Queensland commenced its sittings in the Executive Council Chambers, Government Offices, Melbourne, on Monday, September 18, 1871.

*Present :*The Hon. CHARLES GAVAN DUFFY, *in the Chair.*

The Hon. SIR JAMES MARTIN.  
The Hon. G. W. LORD.  
The Hon. JOSEPH DOCKER.  
The Hon. GRAHAM BERRY.  
The Hon. JOHN HART, C.M.G.  
The Hon. WM. MILNE.

The Hon. WM. MORGAN.  
The Hon. J. M. THOMPSON.  
The Hon. T. L. MURRAY-PRIOR.  
The Hon. J. M. WILSON, and  
The Hon. JAMES DUNN.

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Lord Kimberley's Circular Despatch of the 13th of July having been brought under consideration, the Delegates from New South Wales proposed a Memorandum on the subject, which was accepted by the Delegates from South Australia and Tasmania, and objected to by the Delegates of Victoria, and which the Queensland Delegates did not consider themselves authorised to adopt. The Delegates of Victoria then proposed certain Resolutions insisting on the right of the Colonies to make Intercolonial Tariffs without limitation, which were unanimously adopted, subject to the consent of the Queensland Government being obtained. The Queensland Delegates, however, having been instructed to confine their labours to the postal question, the Resolutions proposed by the Victorian Delegates were adopted by the other Colonies.

(Signed) C. G. D.  
G. B.  
J. H.  
W. M.  
W. M.  
J. M.  
G. W. L.  
J. D.  
J. M. T.  
T. L. M.-P.  
J. M. W.  
J. D.

*Friday, September 29, 1871.*

A.

*THE MEMORANDUM on the subject of LORD KIMBERLEY'S Despatch, as agreed to by the Delegates from New South Wales, Tasmania, and South Australia.*

WE, the undersigned Delegates from the Governments of New South Wales, Tasmania, and South Australia, now assembled in Melbourne, having had under our consideration the Despatch of Lord Kimberley, dated the 13th July, 1871, have agreed to a Joint Memorandum in reference to that Despatch.

We are of opinion that the right of the Legislatures of these Colonies to direct and control their fiscal policy, as amongst themselves; without interference on the part of Her Majesty's Ministers in England, is a right which it is our duty to assert and maintain.

We desire that the connection between the mother-country and her offspring in this part of the world should long continue; and we emphatically repudiate all sympathy with the views of those who, in the Imperial Parliament and elsewhere, have expressed a wish that the bonds which unite us should be severed.

As members of the British Empire, the relations of which with other countries are conducted by the Imperial Government, we deny that any Treaty can be properly or constitutionally made which directly or indirectly treats these Colonies as foreign communities.

With the internal arrangement of the Empire, whether in its central or more remote localities, foreign countries can have no pretence to interfere; and stipulations respecting the trade of one part of the Empire with another, whether by land or sea, are not stipulations which foreign Governments ought to be allowed to become parties to in any way.

The Article in the Treaty with the Zollverein, to which Lord Kimberley refers, is, therefore, one from the obligations of which we should claim to be considered free, if it were interpreted so as to prevent these Colonies from imposing differential duties as between themselves and foreign countries.

By the agreement made between Victoria and New South Wales in 1867, free trade across or by way of the River Murray was established; and free trade between these Colonies by sea, as well as by land, might at that time, with equal propriety, have been established, had it been thought expedient.

Nothing, that we are aware of, has since occurred to call for or justify any interference with a similar arrangement between the same or other Colonies.

It is of great importance that a cordial understanding should at all times prevail amongst these Colonies, and to that end nothing can be more conducive than a free interchange of their products and manufactures as amongst themselves.

We all agree that efforts should be made in our respective Legislatures to provide, at as early a period as practicable, for this mutual freedom of trade; but we at the same time assert the right of the Colonies we respectively represent to impose such duties on imports from other places, not being differential, as each Colony may think fit.

In conclusion, we agree that copies of this Memorandum shall be transmitted, through the Governors of our respective Colonies, to the Secretary of State for the Colonies.

Signed at Melbourne, this 27th day of September, A.D. 1871.

(Signed)	JAMES MARTIN, Attorney-General and Premier,	} <i>New South Wales.</i>
	GEO. W. LORD, Colonial Treasurer,	
	JOSEPH DOCKER, Postmaster-General,	
	J. M. WILSON, Colonial Secretary and Premier,	} <i>Tasmania.</i>
	JAMES DUNN, M.L.C.,	
	JOHN HART, Treasurer and Premier,	} <i>South Australia.</i>
	WILLIAM MILNE, Chief Secretary,	
	W. MORGAN, M.L.C.	

#### B.

*THE RESOLUTIONS in reference to Intercolonial Tariffs, as agreed to by the Delegates from New South Wales, Tasmania, South Australia, and Victoria.*

THE Delegates from the Governments of New South Wales, Tasmania, South Australia and Victoria, in Conference assembled, having had under their consideration Lord Kimberley's Circular Despatch of the 13th July, 1871, have unanimously adopted the following resolutions:—

1st. That the Australian Colonies claim to enter into arrangements with each other, through their respective Legislatures, so as to provide for the reciprocal admission of their respective products and manufactures, either duty free or on such terms as may be mutually agreed upon.

2nd. That no Treaty entered into by the Imperial Government with any foreign Power should in any way limit or impede the exercise of such right.

3rd. That Imperial interference with intercolonial fiscal legislation should finally and absolutely cease.

4th. That so much of any Act or Acts of the Imperial Parliament as may be considered to prohibit the full exercise of such right should be repealed.

5th. That these Resolutions, together with a Memorandum from each Government, or a joint Memorandum from such Governments as prefer to adopt that method, shall be transmitted to the Secretary of State, through the Governors of our Colonies, respectively.

Signed at Melbourne, this 27th day of September, A.D. 1871.

(Signed)	JAMES MARTIN, Attorney-General and Premier,	} <i>New South Wales.</i>
	GEO. W. LORD, Colonial Treasurer,	
	JOSEPH DOCKER, Postmaster-General,	
	J. M. WILSON, Colonial Secretary and Premier,	} <i>Tasmania.</i>
	JAMES DUNN, M.L.C.,	
	JOHN HART, Treasurer and Premier,	} <i>South Australia.</i>
	WILLIAM MILNE, Chief Secretary,	
	W. MORGAN, M.L.C.,	} <i>Victoria.</i>
	C. GAVAN DUFFY, Chief Secretary and Premier,	
	GRAHAM BERRY, Treasurer and Commissioner of Customs.	

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## V I C T O R I A.

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*The* VISCOUNT CANTERBURY *to the* EARL OF KIMBERLEY.

(No. 134.)

*Melbourne, 9th October, 1871.*

MY LORD,

I HAVE the honour to transmit to your Lordship copies of the Report of the proceedings of the Intercolonial Conference, recently assembled here in Melbourne, together with a copy of a Memorandum on the same subject which has been submitted to me by the Honourable the Chief Secretary.

The time, this afternoon, at which this Memorandum reached my hands would, under any circumstances, have precluded me from offering to your Lordship any lengthened observations on the points referred to in it. But, in reality, no such observations are required in this case, for the subjects brought under your Lordship's notice in the Report, and in the Memorandum which accompanies it, involve questions of Imperial as well as of Colonial interest, and your Lordship is already fully conversant with them in both points of view.

I have, &c.,  
(Signed) CANTERBURY.

Enclosure in No. 134.

### *MEMORANDUM for His Excellency the* VISCOUNT CANTERBURY, *K.C.B., &c., &c.*

I DESIRE to bring under His Excellency's attention a Report of the proceedings of the Intercolonial Conference, which has just closed its sittings, with a view of having it transmitted to the Secretary of State for the Colonies.

The main business of the Conference was to consider the most effectual and economic method of establishing a fortnightly mail with Europe. Two routes have been agreed upon; the existing one by Suez and Brindisi, and a second through the United States. As the commercial and political interests of the United Kingdom would be promoted by these services in as great a degree as the corresponding interests of the Australian Colonies, it has been assumed that the Imperial Government will be willing to bear a moiety of the entire cost of both services. The negotiations which have already taken place between the agents of certain of the colonies, and the Postmaster-General in London, justify, I think, this assumption.

The specific grounds, however, upon which the claim of the Colonies for co-operation and assistance in these undertakings is based, will be brought under the attention of the Imperial Government anew by the two Colonies intrusted with the duty of transacting this business on behalf of the contracting Colonies, as soon as the sanction of the Colonial Legislatures has been obtained for the proposed routes.

In the meantime I have to request your Excellency to send copies of the proceedings to the Postmaster-General in London, through the Secretary of State, that he may be acquainted with what has been done, and have an opportunity of considering whether he will be pleased to undertake, on behalf of the Imperial and Colonial Governments, the negotiations and arrangements specified in clauses 8 and 10 of the contract.

I have further to bring under your Excellency's notice Resolutions unanimously adopted by the Conference—with the exception of the delegates from Queensland, who were restricted to the consideration of the postal question—with respect to the recent despatch of the Secretary of State on the subject of "reciprocal Tariff advantages."

I wish at the outset to acknowledge on the part of this Government the evident desire the Secretary of State exhibits to treat the wishes of the Colonies with respect and courtesy, and to find a method, if possible, compatible with political feeling at home, to accomplish their wishes. We reciprocate this sentiment, and desire also to find a method of securing a necessary concession strictly compatible with our determination to maintain the closest and most affectionate relations with the mother-country.

The Secretary of State intimates grave doubts whether the subject of Intercolonial Tariffs presses for immediate decision and action, and it was, I believe, this doubt which chiefly induced the Conference to come to an immediate and unanimous decision. The question certainly has passed from the stage in which it might be justly described as not yet urgent, when three of the Australian Colonies have passed Bills, and two Intercolonial Conferences in succession have adopted Resolutions with respect to it.

What the Australian Colonies claim to do the Dominion of Canada and some neighbouring Colonies have already done, and we are unable to comprehend any peculiar claim the North American Colonies have to exercise powers which cannot be safely intrusted, or indeed can be legitimately denied, to the Colonies of Australia. The Secretary of State suggests that there were peculiar circumstances arising out of the expectation that a federal union between the Dominion and the Colonies which it favoured would soon be accomplished; but it is the desire of the leading statesmen in Australia to effect a federal union of these Colonies also, and the means that were considered effectual for that purpose in North America ought not, we submit, to be denied to us.

But, in truth, the right of establishing differential duties between the Colonies has been already exercised by the two principal Colonies of Australia. There is an agreement known as the Border Treaty which has been in force for several years by which the products of New South Wales pass into this Colony duty free, an advantage enjoyed by no other colony or country whatever.

The right for which we contend, therefore, has been long in operation, not only in Canada, but in Australia.

The Secretary of State admits that there are no Treaty obligations which fetter the discretion of the Imperial Government on the subject; and for our part this Government do not understand how any Treaty obligations with foreign countries can now or hereafter pretend to regulate the relations of two British Colonies any more than the relations between two counties of the United Kingdom.

The political difficulties which the Secretary of State suggests are, no doubt, entitled to consideration. A Bill to repeal the laws prohibiting the full exercise of colonial rights would, he thinks, give rise to serious discussion in Parliament and elsewhere. But we believe a distinct statement of our claims will tend not only to facilitate their recognition, but to remove these difficulties; and we are well aware that since colonies existed they have not obtained any concession that did not, in the first instance, raise serious discussion both in Parliament and the country.

The Secretary of State warns us against the impolicy of exercising the powers which we seek. We contend, with unfeigned respect for the Secretary of State, that this is a question which belongs solely to the Colonial Legislatures. No attempt can be more hopeless than to induce free self-governed States to adopt exactly the same opinions on such questions as free trade and protection, which the people of England happen to entertain at that precise moment. They were protectionists when they thought it their interest to be protectionists, and they are free-traders when they think it their interest to be free-traders, and in these respects large communities and small ones bear a close resemblance to each other.

I trust your Excellency will assure the Secretary of State that the desire to which he alludes of seeing the connection between the Colonies and the mother-country strengthened is nowhere more active than in Victoria; but a people who have founded a great State—who have built great cities, and established a commercial navy larger than that of many kingdoms in Europe—who have maintained order and protected property as strictly as they are protected and maintained in any part of the United Kingdom, and who have done these things without asking assistance from the Imperial Government, are naturally impatient of being treated as persons who cannot be entrusted to regulate their own affairs at their own discretion.

(Signed) C. GAVAN DUFFY.

*Government Offices, Melbourne, 7th October, 1871.*

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## SOUTH AUSTRALIA.

*Sir J. FERGUSSON, Bart., to the EARL OF KIMBERLEY.*

(No. 44.)

*Adelaide, 11th September, 1871.*

MY LORD,

I HAVE the honour to acknowledge your Lordship's Circular despatch of the 13th July, 1871, in which you inform me of the views of Her Majesty's Government with regard to the desire of this Colony and others of the Australasian group that any two or more of them should be permitted to conclude exclusive "agreements" with respect to their Customs Tariffs.

2. I have communicated that despatch to my Responsible Advisers, and by their desire have authorised its presentation to Parliament now in Session.

3. The Government have introduced and carried through the House of Assembly a Bill to enable the Governor to enter into agreements for the free interchange of the products of this Colony with any or all of the other Australasian Colonies; and it is, therefore, probable that the question will before long be again brought before Her Majesty's Government.

4. In the meantime the great increase of import duties contemplated by the Government of Victoria will render any Customs union or even an agreement for free interchange with that Colony still more remote, but it is probable that an arrangement will be accomplished for the free interchange of traffic with New South Wales by means of the River Murray, and possibly this may pave the way to a more general Tariff agreement with that Colony, whose general principles and scale of duties differ but slightly from our own.

I have, &c.,  
(Signed) JAMES FERGUSSON.

*Sir J. FERGUSSON, Bart., to the EARL OF KIMBERLEY.*

(No. 59.)

*Adelaide, 8th November, 1871.*

MY LORD,

I HAVE the honour to enclose a Memorandum which has been addressed to me by the Members of the Ministry who represented South Australia in the Conference of Delegates from the several Australian Colonies lately assembled in Melbourne.

2. Your Lordship will observe that my Advisers have chosen to address to me a separate Memorandum for your consideration, rather than adopt the terms there jointly agreed to; both because the delegates of Victoria procured the omission from them of certain sentiments which the others desired to express, and also because they deem the circumstances of this Colony to be so special as to demand a separate embodiment of the common purpose.

3. I need not comment upon the subject of the Memorandum, having had occasion to do so in other despatches.

4. I should, however, inform your Lordship that though the Ministers whose names are appended to this paper have now quitted office, I have no doubt that the views set forth in it are fully shared by their successors, who are not yet actually appointed, and also by the Legislature and the people of this Colony.

I have, &c.,  
(Signed) JAMES FERGUSSON.

*MEMORANDUM by Ministers to His Excellency the Governor.*

THE proceedings of the late Conference held in Melbourne having been forwarded by last mail to the Secretary of State, we are desirous of submitting to your Excellency, for transmission to the Colonial Office, our opinion on the important subjects treated therein, as considered from a South Australian point of view.

And first, we would emphatically affirm that this Colony is second to none in loyalty to the Crown, and that the idea of separation from the British Empire would be most distasteful to the Colonists at large, and one that would only be entertained at the express desire of the parent State.

We would desire to point out, for the information of the Secretary of State, and for the purpose of silencing those agitators in Great Britain who, on the pretence of economy, desire that the Colonies should be abandoned, that this Province has been governed for the last thirty years, and has arrived at its present state of prosperity, without any expense whatever to the Imperial Government during that period.

It is true that in former years a small number of Imperial troops were, at intervals, quartered in Adelaide, the Colony providing for them barrack and other accommodation, with extra Colonial pay; and when, subsequently, the Home Authorities demanded that this Government should bear the expense of the detachment, to the extent of £40 a man, the Colonial Legislature passed an Act to provide payment of the same without any conditions whatever as to retaining the troops in time of need; the universal feeling being that their appearance among us was a visible proof that we were recognised as British subjects, and therefore secure of British protection in the event of the mother-country engaging in war.

With reference to the right so earnestly contended for by the Delegates, that the Colonies should be at perfect liberty to direct and control their fiscal policy as amongst themselves, we would desire to impress on the Secretary of State how important it is that an understanding with respect to intercolonial free trade should be arrived at as speedily as possible, because that understanding must necessarily precede any attempt at Federal union; and although recent action taken by some of the other Colonial Legislatures would seem to prove that intercolonial free trade is now for the moment unpopular, we have no doubt that public opinion will, in the end, condemn that action, and insist upon a more enlightened policy. It is the more essential, therefore, that the power should be at hand, so that advantage may be taken at once when the favourable time arrives.

In conclusion, the Ministry would urge that the grievance this Colony has laboured under so long with respect to the Ocean Postal Service should be removed without delay. There can be no valid reason why either the Imperial Government, or the Peninsular and Oriental Company, should continue what is felt to be an injustice, for which they are now alone responsible; and we trust that within a very short period your Excellency will be informed that the necessary steps have been taken to provide for the mail steamers calling at Glenelg.

(Signed) JOHN HART, *Treasurer and Premier*, } *Members of*  
WILLIAM MILNE, *Chief Secretary*, } *Conference.*

Adelaide, 6th November, 1871.

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## T A S M A N I A.

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*Governor DU CANE to the EARL OF KIMBERLEY.*

(No. 39.)

MY LORD,

*Government House, Tasmania, September 29, 1871.*

I HAVE the honor to forward to your Lordship a Memorandum addressed to me by my responsible advisers in reference to your Lordship's despatch of 14th July, 1871, on the question of Colonial reciprocity.

2. In my despatch to Lord Granville, of 14th July, 1870, as well as in subsequent despatches to your Lordship, dated 27th October, 1870, and 24th March, 1871, I have already stated, somewhat fully, my individual views upon this question, and I am unwilling again to trespass at any length upon your Lordship's attention.

3. I should wish, however, more particularly to bring under your Lordship's consideration that portion of the enclosed Memorandum which relates to the necessity and utility of the proposed measure, so far as concerns the interests of this Colony. At the present moment her nearest and most natural market, that, namely, of Victoria, is closed against Tasmania by the imposition of a Customs Tariff of a rigidly protective character, to the very serious injury of the producing and manufacturing interests of the Tasmanian community. It is only natural, as it appears to me, that this Colony should seek relief under such circumstances, by asking for the power to enter into such reciprocity Conventions as would remove the restrictions at present imposed upon its trade and commerce. Nor do I apprehend that a Convention of this kind between Tasmania and Victoria, or any other of the neighbouring group of Australasian Colonies, would be likely to affect, to any appreciable extent, the producing and manufacturing interests of all the other parts of the Empire, or of foreign countries. In the special case of this Colony, the principal articles for which an extended market would be sought are undoubtedly timber, grain, hops, ale and beer, fruits, jams, and potatoes. Of these, hops, ale, and beer alone are imported to any extent into Victoria from the United Kingdom, and any check or injury which might thus possibly be caused to the English hop growers and brewers, or to any other class of producers or manufacturers, by a reciprocity Convention between Tasmania and Victoria, would be more decisively effected under a complete Customs union between the two Colonies. Such an union could only be effected by Tasmania consenting to an absolute adoption of the Victorian Tariff, which is of a far higher protective character than her own; and thus the area of prohibition against importation from the United Kingdom, or foreign countries, would be virtually widened, and a stronger barrier than ever at the same time erected.

4. It is most undeniably true that, as your Lordship points out, what is termed reciprocity is another form of protection, and as such "inconsistent with those principles of free trade which Her Majesty's Government believe to be alone permanently conducive to commercial prosperity." But this remark seems to hold equally good of the Customs Tariff at present maintained with the consent of Her Majesty's Government by each individual Colony of the Australasian group. The lowest of these is of a highly protective, and in some instances of almost a prohibitory, character as compared with that of the United

Kingdom. And the question at present at issue appears to me to be between a system of protection, pure and simple, maintained by each Colony against its neighbours, and a system of protection, modified by Reciprocity Convention, which would extend the basis of commercial operations between each Colony and its neighbours. The first system appears to me to be highly injurious, if not positively suicidal, to the best interests 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 recognised 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 that a reaction of public opinion will then take place in favour of an entire 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.,

(Signed) CHARLES DU CANE.

Enclosure in No. 39.

#### MEMORANDUM.

LORD KIMBERLEY'S despatch, under date the 13th July, 1871, on the question of Intercolonial 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 recognised 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 commercial union of the Australias and New Zealand on the basis of a common tariff, with a distribution of the Customs revenue to the several Colonies, according to population. That object was found to be, at the time, unattainable; and the Conference adopted a unanimous resolution to the effect that it was desirable that the Colonial Legislatures should be freed from Imperial restrictions on their reciprocal fiscal arrangements.

Her Majesty's Government had intimated their readiness to assent to a Customs union of two or more Colonies; but when such an arrangement was found to be impracticable, the Governments represented at the Conference were willing to rest content with the removal of the existing restrictions on intercolonial trade by Reciprocity Conventions.

It is difficult to apprehend the force of objections offered to this mode of treating the question when no objection is raised to a Customs union, which would produce precisely analogous results on a much larger scale.

A Customs union between all the Australasian Colonies would enable these countries to impose, if it were thought desirable, protective duties upon imports from Europe, while Colonial products and manufactures were reciprocally interchanged, duty free. How, it may be asked, can such a system be deemed legitimate and admissible, when a plan for carrying it into only partial operation by less direct means is held to be open to grave objections?

Her Majesty's Government are prepared, we are informed, to sanction an arrangement that would enable a group of six Colonies, if they were so minded, to establish absolute free trade amongst themselves, in combination with protection against all the world beside. But when two Colonies desire to be placed in a similar position by a Tariff Convention, "Her Majesty's Government are bound to say that the measure proposed seems to them inconsistent with those principles of free trade which they believe to be alone permanently conducive to commercial prosperity."

By Lord Kimberley's own showing there are precedents for the legislation now submitted for the Royal Assent; and there are no legal obstacles to its recognition in the shape of Imperial Treaty obligations. It is only on an abstract theory of the superior advantages of a free-trade policy that the Secretary of State objects to a proposal which seems to sanction protection under the name of reciprocity.

These are views which can find no acceptance with Colonial Legislatures under a system of Constitutional Government. The question they desire to solve is one directly affecting the interests of the communities for which those Legislatures are elected to make laws. Its effect upon Imperial interests is almost inappreciable. The doubt whether "the imposition of differential duties upon British produce and manufactures might not have a tendency to weaken the connection between the mother-country and the Colonies, and to impair the friendly feeling on both sides," seems scarcely warranted by a fair consideration of the whole bearing of the application under discussion.

It may be observed that the Tariffs of the Australasian Colonies have, in effect, for some years past, imposed duties on British manufacturers, either intentionally or incidentally protective.

Is it to be supposed that the "friendly feeling on both sides" which has survived the imposition of protective or prohibitory duties on British manufactures would be "impaired" by a Reciprocity Convention; for example, between Victoria and Tasmania, which permitted the products and manufactures of those Colonies to be mutually exchanged duty free, or under a lower duty than similar articles imported from the United Kingdom? It may be suggested, with far greater probability, that "the friendly feeling on both sides" is more likely to be impaired by the refusal of Her Majesty's Government to relax a law which imposes an irksome restriction on the fiscal legislation, and vexatiously intermeddles with the domestic taxation of these self-governed Colonies.

Lord Kimberley seems to complain of the absence of "strong representations and illustrations of the utility or necessity of the measure." The unanimous resolution of the Conference last year, and the subsequent identical legislation of New Zealand, South Australia, and Tasmania, may be taken as a sufficient indication of the strength of the conviction of the Governments and Legislatures of Australasia of the urgent necessity, and, by consequence, in their judgment of the utility of the measure.

As far as the Colony of Tasmania is concerned, the "necessity and utility of the measure" are sufficiently obvious. Our Customs duties are imposed for revenue purposes only. But when our nearest neighbours practically close against our producers and manufacturers their best and natural market by the comprehensive operation of an intentionally protective Tariff, we seek relief in Reciprocity Conventions, which, while they would extend the basis of commercial operations between us and our neighbours, would

in no way prejudice the interests of European producers and European manufacturers, inasmuch as the desired Convention would, for the most part, "deal with a limited list of raw materials and produce not imported to these colonies from Europe."

Lord Kimberley's treatment of this question indicates throughout a natural anxiety to avoid a decision which might seem to commit Her Majesty's Government to a departure "from the established commercial policy" of the mother-country. But since his Lordship assures us that Her Majesty's Government have not "come to any absolute conclusion on the questions which he has discussed," we may venture to hope that a firm but respectful persistence in the course of legislation already adopted by New Zealand, Tasmania, and South Australia, will shortly secure for the Australasian Colonies that freedom from Imperial restrictions on their fiscal relations with each other which the conciliatory policy of Her Majesty's Government has already conceded to the Colonies of British North America.

(Signed) J. M. WILSON.

*Colonial Secretary's Office, 11th September, 1871.*

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### NEW ZEALAND.

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*Governor SIR G. BOWEN to the EARL OF KIMBERLEY.*

(No. 117.)

*Government House, Wellington, New Zealand,  
December 9, 1871.*

MY LORD,

At the request of my responsible advisers, I have the honour to transmit herewith a Ministerial Minute by Mr. Fox,\* covering a Memorandum by Mr. Vogel, the Colonial Treasurer, on the subjects treated of in your Lordship's Circular despatch of the 13th July, 1871.

I have, &c.,

(Signed) G. F. BOWEN.

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Enclosure 1 in No. 117.

#### *MEMORANDUM for His Excellency.*

MINISTERS present to His Excellency, for transmission to the Secretary of State, the attached Memorandum by the Colonial Treasurer on the despatch from the Right Honourable the Secretary of State on the subject of intercolonial reciprocity.

The Memorandum represents the views of Ministers.

(Signed) WILLIAM FOX.

*Wellington, December 8, 1871.*

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Enclosure 2 in No. 117.

#### *MEMORANDUM on a Circular Despatch from the Right Honourable the Secretary of State for the Colonies on Intercolonial Reciprocity.*

THE Colonial Treasurer has carefully studied the Circular despatch, dated the 13th July, 1871, from the Right Hon. the Secretary of State for the Colonies to Governor Sir George Ferguson Bowen, on the subject of Intercolonial Reciprocity. He recognizes the consideration which has induced his Lordship to set forth at length the views of Her Majesty's Government on the subject; but he is unable to discover in those views reasons for withdrawing the recommendation already given, that the Colonies should be at liberty to make reciprocal tariff arrangements. The despatch was brought under the notice of the Assembly, and the special attention of the House of Representatives was called to it; but no Member expressed a wish that the subject should be reconsidered.

The Secretary of State does not, in his despatch, mention that the position of New Zealand differs from that of the neighbouring Colonies. He treats of them collectively: but there is reason to believe, from previous communications, that his Lordship is aware that there is no law which prohibits the New Zealand Assembly imposing differential duties. Although such a prohibition is contained in the Constitution Acts of the Australian Colonies, it does not find place in the New Zealand Constitution Act, the provisions in that Act being confined to a prohibition against passing any law infringing Treaty arrangements between Great Britain and foreign Powers. Probably Lord Kimberley did not think it necessary to refer to the distinction; because, evidently, as long as New Zealand alone possesses the power to impose differential duties, she cannot enter into reciprocal arrangements with her neighbours. Still it is important to remember she has the power, both because she might find it convenient to use it outside the Australian group, as the British American Colonies have used a similar power, and also because it may fairly be claimed that the power possessed by New Zealand ought without delay to be granted to the Australian Colonies, including Tasmania.

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\* Enclosure: Memorandum by Mr. Fox, December 8, 1871, covering Memorandum by Mr. Vogel of same date.

There are some incidental passages in Lord Kimberley's despatch, which, if grouped, might lead his Lordship to reconsider the views he has expressed.

1. There are allusions to the absence of any urgent need of dealing with the matter.
2. Throughout the despatch, it is contended that the proposal of reciprocity is made in the interests of protection.
3. The desire is indicated to encourage a Customs Union.
4. The admission is made, that an Act similar to the measure the Colony desires to pass, was one of the first Acts of the Legislature of the newly-constituted Dominion of Canada in its opening Session; "that it was passed in the expectation that at no distant date the other Possessions of Her Majesty in North America would become part of the Dominion;" and that "the assent of Her Majesty's Government to a measure passed in circumstances so peculiar and exceptional, cannot form a precedent of universal and necessary application."

These four references, taken in connection, are unusually suggestive. The Act passed by the Legislature of the Dominion, to which Lord Kimberley refers, was in respect to the clauses permitting reciprocity similar to the Act of 1866, passed before the Dominion was constituted; and that again was copied from a former Act. In these Acts clearly, the provision was made from a genuine desire to permit suitable reciprocal arrangements; but Lord Kimberley states that, in 1868, the provision was made in the expectation that other Provinces would join the Dominion, and that the assent of Her Majesty's Government was given in consequence. It may be assumed that Lord Kimberley uses the word "expectation" in the sense of desire. It was not necessary to make provision for remission of duties in the case of those Provinces which became part of the dominion, for the fact of becoming part would have caused the duties to cease. It must be concluded that Lord Kimberley wishes it to be understood that the provisions in the Act passed since the constitution of the dominion were made with the view of encouraging other provinces to join, or of preventing obstacles being thrown in the way of their joining, and not upon the grounds which previously, for a long period, led to similar legislation in the different North American Provinces. The words "circumstances so peculiar and exceptional" do not apply to the legislation, for that was of a traditional character, but to the desire of the dominion and of Her Majesty's Government to encourage and promote a further union of the British American Possessions. This desire constituted what Lord Kimberley terms "the circumstances so peculiar and exceptional." But for that desire, where was the urgency? and if there was urgency in the British North American case, why is there not urgency in the case of Australasia, in the presence of a similar desire to encourage a Customs Union or a Confederation? The actual results in Australasia lead inferentially to the belief that the dominion authorities and Her Majesty's advisers were correct in considering the matter urgent in the interest of Confederation, although the proof is only of a negative character. The mere power to make reciprocal arrangements might not in itself be sufficient to induce Confederation; but Australasian experience leads to the belief that it would tend to prevent the growth of obstacles to Confederation. In the absence of the power desired by the Australasian Colonies, retaliatory tariffs of a protective character have grown up; and the way to Confederation, or to a Customs Union, has in consequence become more difficult than it was when the power to make reciprocal arrangements was first asked for, or than it would be now if the power had been granted. The inference is that those who in the case of British America deemed the matter urgent, were right; and that the Secretary of State, desiring a Customs Union or Confederation of the Australasian Colonies, can only deny that the matter is urgent, on the assumption that it is too late to deal with it, because of the disposition which has been shown to impose hostile intercolonial tariffs. Several of the protective duties now in force in the Colonies owe their origin to feelings of self-defence or retaliation. The most ardent free-traders have admitted that the tariffs of some Colonies have forced protective duties on others: so that the absence of reciprocity has actually fostered protection. Therefore, in respect to the four propositions, it can be said that, in the interest of a Customs Union or of Confederation, there was urgency, because the power to enter into reciprocal arrangements would, in all probability, have prevented the fresh obstacles to union which have grown up; and that, in the interest of free trade, reciprocity was desirable, because its absence has encouraged protection. No doubt, it may be argued that special reciprocal arrangements are in their nature opposed to free trade; but the test of the theory would be the practice; and if that practice were principally confined (to quote his Lordship's justification of the Acts of Newfoundland and Prince Edward Island) to "a limited list of raw materials and produce not imported to those Colonies from Europe," it might readily be understood that, in respect to other articles, the absence of retaliatory tariffs would tend in the direction of free trade. It is not desired, however, to contend that, with powers of reciprocity, there would necessarily be free trade in Australasia, any more than, with similar powers, free trade has been the rule in Canada. It is merely contended that in some of the Australasian Colonies the desire for free trade has been stamped out by prohibitory tariffs, which have owed their growth, partly or wholly, to the absence of that power of reciprocal arrangement so unaccountably withheld from Australia, whilst its urgency was admitted in the case of Canada. The question naturally arises why Lord Kimberley should only compare the proposed legislation with that of the period subsequent to the formation of the Dominion. If he would compare it with the precisely similar legislation of the British North American Provinces prior to the Dominion, he might admit not only that when the Dominion was formed the legislation was required to encourage other Colonies to join, but that the legislation and the friendly intercourse which grow up under it had something to do with the establishment of the Dominion, and that, therefore, it was conducive to a desirable result.

The Colonial Treasurer proceeds to comment on the various questions which Lord Kimberley states the proposal before him raises:—1st. "Whether a precedent exists in the case of the British North American Colonies for the relaxation of the rule or law now in force?" His Lordship admits the precedent, but qualifies the admission, first, as already mentioned, by contending that the Act of the

Dominion was passed under peculiar and exceptional circumstances; and, second, in the case of the Prince Edward Island and Newfoundland Acts, by contending that "as dealing with a limited list of raw materials and produce not imported to those Colonies from Europe, they are hardly, if at all, applicable to the present case."

It has already been shown that the "peculiar and exceptional circumstances" can only mean the circumstances calculated to induce the Colonies affected to join the Dominion, or the prevention of obstacles which would preclude their joining; and those circumstances are precisely of the nature which Her Majesty's Government, in the desire to encourage an Australasian Customs Union or Confederation should not deem exceptional. In respect to the Prince Edward Island and Newfoundland Acts, it may with propriety be assumed that the Australasian Colonies will exercise the powers they ask for with the same judgment, moderation, and discretion which the two North American Colonies have shown. Those Colonies possess the power sought by the Australasian Colonies: they exercise it without their Acts being reserved for Her Majesty's pleasure; but in the case of the Australasian Colonies the power is withheld, and when they ask for it, and cite the precedent, it is not to them a satisfactory answer to be told in effect, that the precedent need not be dwelt upon, because the Colonies enjoying the privilege have used it sparingly. No doubt Lord Kimberley did not wish directly to urge this plea; but throughout his Lordship's despatch, and indeed, at the base of all his objections, is the supposition that the Australasian Colonies, if they possessed the power of entering into reciprocal arrangements, would use it in a manner injurious to the interests of Great Britain. But it is singular that Lord Kimberley should give two instances only of British American legislation of the kind, and that he should assign to that legislation the character of "dealing with a limited list of raw materials and produce not imported to these Colonies from Europe." There are other Acts of the British American Provinces of a similar nature, but which leave to the Governor in Council to determine the articles to be admitted. Indeed, it is difficult to understand on what grounds Lord Kimberley considers the two clauses which he quotes from the Newfoundland Act to have the character he assigns to them. The clause quoted from the Prince Edward Island Act professes to deal with "raw materials and produce," but includes several manufactures. The clauses from the Newfoundland Act do not even profess to exclude manufactures from the list; and the first of those clauses, instead of not dealing with goods imported from Europe, proceeds to the length of exempting from duties the articles mentioned being "the growth, produce, or manufacture of the United Kingdom."

In respect to the second question, "Whether Her Majesty's Treaty obligations with any foreign Power interfere with such relaxation?" i.e., the rule or law against differential duties, the Colonial Treasurer observes, that Lord Kimberley admits the correctness of the view taken by New Zealand. It is a matter which should create much satisfaction, on broad and enlightened national grounds, that the right of Her Majesty's Colonies to make between themselves arrangements of a federal or reciprocal nature, without conflicting with Treaty agreements, has been recognised. It would have been demoralising to the young communities of Australasia had they been taught to believe that reciprocal Tariff arrangements between the Colonies were inconsistent with Her Majesty's Treaties with Foreign Powers, but that they could override the spirit of such Treaties by the subterfuge or evasion of a Customs Union. If, for instance, it be a wrong to any foreign Power that New Zealand should admit free of duty any produce of New South Wales, while for like produce from any other Colony or country a duty would be demanded, the wrong would be just as great if, by Imperial legislation, such free admission were legalized through a Customs Union. It should clearly be impossible to vary a Treaty by the legislation of only one party to it; and seeing that New South Wales and New Zealand were originally one Colony, with one tariff, and may by Imperial legislation become so again, it is evident that if such a result can be brought about without the infringement of Imperial Treaties, any terms of more modified arrangement, such, for example, as the free admission of only some goods, would not be open to objection on the score of bad faith with foreign Powers.

Lord Kimberley admits that the quoted paragraph of the Zollverein Treaty has no application to the case of arrangements between different Colonies. Its object seems to be to prevent the Colonies making such reciprocal arrangements with the United Kingdom of Great Britain and Ireland as from time to time may be found desirable. A provision of this nature is at least open to the objection that it is constantly liable to be infringed. In the Act of the Canadian Dominion already referred to, and which, from what Lord Kimberley writes, appears to have been under the special consideration of Her Majesty's Government, there are provisions which beyond question conflict with the quoted paragraph in the Zollverein Treaty. The list of free goods in the Schedule to the Act comprises two items which are to be free if of British produce or manufacture. The clause quoted by Lord Kimberley from the Newfoundland Act, which makes free of duty the articles mentioned, "the growth, produce, or manufacture of the United Kingdom," also conflicts with the provisions of the Zollverein Treaty. Again, the argument which the Colonial Treasurer has used as between the Colonies, applies as between the Colonies and the Imperial country. Why should a foreign Treaty contain a provision tending to preclude the union of different parts of the empire? If Great Britain were to confederate her empire, it might, and probably would, be a condition, that throughout the empire there should be a free exchange of goods. The arguments in favour of a Customs union between Colonies have as much force in their application to a wider union embracing the whole empire. Either the Zollverein Treaty would prevent this, or the necessary legislation would make the quoted clause inoperative. The effect, if not the intent, of the stipulation in the Zollverein Treaty is to make Great Britain hold the relation of a foreign country to her Colonies.

It is appropriate here to urge on the Secretary of State, since he has the subject under his notice, not to confine his consideration to the mere question of Intercolonial arrangement. His Lordship entirely refrains, in his allusion to the British American Acts, from noticing that they contain not only a discretionary power to admit Colonial articles free, but also to admit, under similar conditions, articles

from the United States. Great as is the distance between the British American and Australasian Colonies, the vast limits of the United States bring that country into ready communication with Australia as well as with British America. It may be for the interest of the Australasian Colonies, just as much as it has been for that of the British American Colonies, that arrangements should be made to admit free articles from the United States or from some other country. It is desirable that the Secretary of State should define the position of the Australasian Colonies in this respect. Are they to be denied the power which for a long period the British American Colonies have uncontrolledly exercised? That power gives them the right to make reciprocal arrangements with their American neighbour; for only on the ground of the arrangements being reciprocal, would they fail to be infractions of the "most-favoured nation" clauses of British Treaties with foreign Powers. The Australasian Colonies would value similar powers.

The third and fourth questions raised by Lord Kimberley are sufficiently analogous to make it convenient that they should be considered together. They are:—"Whether a general power should be given to the Australasian Governments to make reciprocal Tariff arrangements, imposing differential duties, without the consent of the Imperial Government in each particular case?" and "Whether, on grounds of general Imperial policy, the proposal can properly be adopted?"

The Colonial Treasurer submits that these questions really raise the issue, whether, in the original constitutions granted to them, the Colonies should have been allowed so much discretion as to fixing their own Tariffs; and, if this be the issue, the Treasurer admits that much may be said against the discretion which has been granted.

The exporters of Great Britain are, no doubt, largely affected by the nature of the Colonial Tariffs; but it can make no difference to them whether New South Wales and New Zealand exchange their produce free under a special reciprocal arrangement, or by virtue of an Act constituting them into Provinces with a federal union. The actual duties affect the exporters, and not the question whether those duties are the result of federal constitution or reciprocal arrangement. In failing to assert the right to control Colonial Tariffs, Great Britain does not take advantage of her power to consolidate an immense trade, from which she and her Dependencies might equally benefit. But it must be observed that, if the right were asserted, it would logically follow that the Colonies should enjoy some share, either by representation or consultation, in deciding the policy by which they would be affected.

Lord Kimberley writes:—"Her Majesty's Government are alone responsible for the due observance of Treaty arrangements between foreign countries and the whole Empire; and it would scarcely be possible for the Colonial Governments to foresee the extent to which the trade of other parts of the Empire might be affected by special tariff arrangements between particular Colonies." The remark as to the trade of other parts of the Empire might be applied with as much cogency to the actual tariffs fixed by the Colonies as to the special arrangements entered into between them. Lord Kimberley, recognising the difficulty which Great Britain would have in dealing with the matter, points to the want of local knowledge which Her Majesty's Government would labour under. The same want of information would equally affect the ability to decide the Colonial Tariffs, unless, in either case, there was available the assistance of Colonial representatives. In short, Great Britain must logically do one of two things—either leave the Colonies unfettered discretion; or—if she is to regulate Tariffs or reciprocal Tariff arrangements, or to make Treaties affecting the Colonies—give to the Colonies representation in matters affecting the Empire. In other words, she must apply in some shape to the Empire that federation which as between the Colonies themselves Her Majesty's Ministers constantly recommend. To urge the right of Great Britain to regulate these matters under present circumstances, is to urge that the interests of the Colonies should be dealt with in the absence of the requisite knowledge of their wants and requirements.

In one passage in his despatch Lord Kimberley infers that reciprocity in reality means protection; and again he writes: "Her Majesty's Government are bound to say that the measure proposed by the Colonial Government seems to them inconsistent with those principles of free trade which they believe to be alone permanently conducive to commercial prosperity, nor, as far as they are aware, has any attempt been made to show that any great practical benefit is expected to be derived from reciprocal tariff arrangements between the Australasian Colonies." There could not be more striking evidence of the disadvantage under which the Colonies, in their present circumstances would labour if the treatment of their fiscal interests were left to Her Majesty's Government, than is supplied by these observations of the Secretary of State. "The measure proposed" may be used to do no more than that which, as already observed, his Lordship in the case of Newfoundland and Prince Edward Island seem to consider unobjectionable. It may be used to make similar arrangements to those which were introduced in the Treaty with France, devised by the late Mr. Cobden, the apostle of free trade. It is true that it has been said that that Treaty was not a free trade Treaty, but it undeniably was made in the interests of free trade. Again, "the measure proposed" may be used to bring about that Customs union to which Lord Kimberley is not averse; and, as already shown, it may be used to stop those retaliatory tariffs which impede free trade and stimulate protection. In fine, it may be used to encourage the exchange of the productions of the temperate and tropical portions of the Australasian Colonies, without even remotely affecting the interests of British exporters.

If, in commenting upon Lord Kimberley's despatch, the Colonial Treasurer has appeared to travel beyond the immediate questions referred to in it, he has scrupulously abstained from doing so to an extent greater than he has considered necessary for the purpose of representing to Lord Kimberley that, although the New Zealand Government still adhere to the desire they have expressed, they do so for reasons which are not calculated to create unfriendly feelings between the Imperial country and the Colonies. Such Lord Kimberley deems to be the tendency of the present question, although his Lordship very considerably does

the Government the justice to believe that it is their desire to preserve the friendly feeling now existing on each side: and it is with the view to prove that such is the desire, that the Colonial Treasurer, whilst expressing the adherence of the Government to their former opinions, has endeavoured to show that those opinions have not the unfriendly tendency suggested; but that, on the contrary, their full and free discussion may lead to a determination to make yet more intimate, and more subservient to mutual welfare, the ties which bind together the Imperial country and the Colonies.

(Signed) JULIUS VOGEL.

Wellington, December 8, 1871.

*Tasmania,*  
*Colonial Secretary's Office, 13th June, 1872.*

#### MEMORANDUM.

IN returning to the Governor Lord Kimberley's Circular Despatch under date the 19th April last, Mr. Wilson has the honor to submit the subjoined observations on that Paper as the collective opinion of His Excellency's Advisers.

Lord Kimberley recapitulates "the demands which are now put forward" on the subject of Intercolonial Reciprocity by the Colonies of New South Wales, Tasmania, South Australia, Victoria, and New Zealand, and remarks "that these propositions, taken together, go far beyond what was understood by Her Majesty's Government to be the original request, namely, that the Australasian Colonies should be permitted to conclude agreements amongst themselves securing to each other reciprocal Tariff advantages."

It was no doubt unavoidable that a Circular Despatch, designed as a reply to the representations of the respective Governments of the Australias and New Zealand, should notice the suggestion that, "in considering the subject, the question should not be confined to that of mere Intercolonial arrangements."

But His Excellency's Advisers desire to call attention to the fact that this extended view of the subject is only to be found in the proposals and the Memorandum of the Government of New Zealand.

The Government of Tasmania has never demanded, has never contemplated, the concession of any thing beyond the power to conclude Intercolonial Tariff conventions between the several Colonies of Australia and New Zealand. And Lord Kimberley will have observed from the Resolutions adopted by the Melbourne Conferences of 1870 and 1871, that the collective action of the Colonies represented on those occasions was strictly confined to the question of Intercolonial Reciprocity; and that the Bills passed by the Parliaments of South Australia and Tasmania are specifically entitled "The Intercolonial Free Trade Act," while that passed by the Legislature of New Zealand is entitled "An Act respecting Reciprocity with the Australasian Colonies and New Zealand as to Customs Duties."

The question of Reciprocity conventions between these Colonies and Foreign States may have been theoretically argued in the New Zealand Memorandum, but the actual demands and practical action of the Colonies were limited to Reciprocity arrangements amongst themselves.

Again, Lord Kimberley deals with this question of Intercolonial Reciprocity and Differential Duties throughout the Despatch under consideration on the assumption that these Colonies are committed to a policy of "protection to native industry," and the imposition of Duties of Customs for other than mere revenue purposes.

Speaking for the Legislature and Government of Tasmania, His Excellency's Advisers can only repeat the statement contained in Mr. Wilson's Memorandum of the 11th September, 1871—"Our Customs Duties are imposed for Revenue purposes only;" and, instead of wishing to secure "protection to native industry" by excluding the imports of "any particular country or place," we desire to be enabled to secure the admission of our products and manufactures into the neighbouring Colonies, our best and natural market.

Having entered this protest against what appears to be a misapprehension of the views and motives of the Government and Legislature of Tasmania on these questions, His Excellency's Advisers desire to express their grateful appreciation of the obvious anxiety of Her Majesty's Government to explain as clearly and fully as possible the principles of Imperial policy in exercising the constitutional prerogative of the Crown in the matters of Colonial Tariffs; and they gather with satisfaction from the general tenor of Lord Kimberley's Despatch, that Her Majesty's Government, while anxious to base its decision on this question "upon broad principles of policy," is prepared to reconsider the whole subject of Colonial relations with the Empire as regards Tariff arrangements, should the Australasian Colonies, upon further consideration of the matter, persevere in their application for the repeal of the Imperial Statutes which prohibit the imposition of Differential Duties by Provincial Legislatures.

The Government of Tasmania aimed originally, in proposing the Tariff Conference of 1870, at a Customs Union or Colonial Zollverein, embracing the Australias and New Zealand; and such a Customs Union had been promised in advance the approval and sanction of Her Majesty's Government.

That arrangement having been found to be impracticable at present, this Government endeavoured to secure the concurrence of the other Colonies in a demand for Intercolonial Reciprocity; and succeeded so far as to obtain the assent to the principle of the Governments represented at that Conference and at the Conference of last year; and to secure the passage of the Intercolonial Free Trade Bills of Tasmania, New Zealand, and South Australia, which now await the signification of Her Majesty's pleasure.

His Excellency's Advisers still desire to urge upon Her Majesty's Government this concession to the Australasian Colonies of the power of concluding reciprocal Tariff arrangements amongst themselves; and they entertain a confident belief that their views on this point will be found to be shared by all the Governments to whom Lord Kimberley's Despatch is addressed. They believe that a Customs Union is the more desirable arrangement; but, as an alternative, they wish to establish a system of Intercolonial Reciprocity.

They desire to observe that Lord Kimberley admits the existence of precedents for such arrangements in the cases of the Imperially sanctioned legislation of the Provinces of British North America, both previously and subsequently to their confederation in the Dominion of Canada, and of the Murray Border Customs arrangements between New South Wales and Victoria.

They also observe that Lord Kimberley rests the right of the Crown to withhold its assent to Acts of Colonial Legislatures imposing Differential Duties exclusively upon the express provisions of the "Australian Colonies Government Act," and of the Constitution Acts of New South Wales, Victoria, and Queensland; while his Lordship admits that "a strict literal interpretation of the Seventh Article of the Zollverein Treaty does not preclude the imposition of Differential Duties in one British Colony or Possession in favour of the produce of another British Colony or Possession."

It follows that, in requiring the repeal of "so much of the Act or Acts of the Imperial Parliament as may be considered to prohibit" the full exercise of the right of the Australian Colonies to enter into Reciprocal Tariff arrangements amongst themselves, the Governments represented at the Conferences of 1870 and 1871 made no demand upon the Imperial Legislature inconsistent with the maintenance of Her Majesty's Treaty obligations with Foreign Powers, and asked for no greater concession than has been already granted to other British Colonial Dependencies.

In conclusion, His Excellency's Advisers desire to express their belief that the persistent denial of the temperate and respectful demands of the Australasian Colonies for the free exercise of the powers of self-government in the matter of fiscal legislation is more calculated to disturb the cordiality of the existing relations of the Colonies to the Mother Country than an alteration of Imperial policy even to the full extent indicated in the concluding paragraph of Lord Kimberley's Despatch.

At the same time they appreciate the readiness of Her Majesty's Government to allow "friendly discussion" to precede "a final decision;" and they believe that the delay involved in "the communication of further observations in explanation of their views" will only tend to make the moderation and reasonableness of the demands of the Australasian Colonies on this head more apparent and better understood.

J. M. WILSON.

*His Excellency the Governor.*

No. 31.

*Government House, Tasmania, 14th June, 1872.*

MY LORD,

I HAVE the honor to forward to your Lordship a Memorandum addressed to me by the Premier and Colonial Secretary of this Colony, in reference to your Lordship's Circular Despatch of the 19th of April last, on the question of Intercolonial Free Trade and Reciprocity.

2. My own views on this question, as affecting the interests of this Colony, having been fully stated to your Lordship in previous Despatches, this Memorandum does not appear to me to call for any further remarks.

I have the honor to be,

My Lord,

Your Lordship's most obedient humble Servant,

CHARLES DU CANE.

*The Right Hon. the EARL OF KIMBERLEY.*

*Tasmania,*  
*Colonial Secretary's Office, 18th June, 1872.*

SIR,

REFERRING to my previous communications on the subject of Intercolonial Reciprocity, I have now the honor to forward you a copy of a Memorandum which I have addressed to His Excellency Governor Du Cane, embodying the views of the Government of Tasmania on Lord Kimberley's Circular Despatch, under date the 19th of April last.

You will observe from this Memorandum that His Excellency's Advisers, not deeming it necessary to enter into a further discussion of the points at issue between Her Majesty's Government and the Australasian Colonies as dealt with by Lord Kimberley, have thought it sufficient to renew their request to the Secretary of State that Her Majesty may be advised to assent to the "Intercolonial Reciprocity Act," of which I have already supplied you with a copy.

In conjunction with my colleagues, I now desire to suggest to the Government of South Australia [New Zealand] the advisability of continuing in like manner to press for the Royal Assent to the Intercolonial Reciprocity Act of your Legislature.

The concurrent and almost identical legislation on this subject of New Zealand, South Australia, and Tasmania embodies in a practical form their objects and views on the question of Intercolonial Reciprocity and Differential Duties; and assuming that those Colonies are not prepared to recede from the attitude maintained by that legislation, it would seem that the readiest way of impressing Her Majesty's Government with the assurance that these objects and views remain unaltered by the considerations suggested by Lord Kimberley would be, to join in a simultaneous application for the Royal Assent to the Acts which now await the signification of Her Majesty's pleasure.

It is my intention to communicate a copy of the enclosed Memorandum to the Governments of New South Wales and Victoria, and to urge them to introduce to their respective Legislatures Intercolonial Reciprocity Acts, in accordance with the resolutions adopted at the Melbourne Conferences of 1870 and 1871.

The adoption of the mode of procedure in this matter which I have suggested would not, of course, preclude any Colonial Government from entering at the same time into that "further explanation of their views" which Lord Kimberley invites in the concluding sentence of his Despatch.

I have &c.,

(Signed) J. M. WILSON.

*The Hon. the Chief Secretary, South Australia; and }  
The Hon. the Colonial Secretary, New Zealand. }*

*Tasmania,*  
*Colonial Secretary's Office, 18th June, 1872.*

SIR,

REFERRING to my previous communications on the subject of Intercolonial Reciprocity, I have now the honor to transmit to you herewith a copy of a Memorandum which I have addressed to His Excellency Governor Du Cane, embodying the views of the Government of Tasmania on Lord Kimberley's Circular Despatch, under date the 19th of April last.

You will observe that His Excellency's Advisers, not deeming it desirable to enter at present into a discussion of the points at issue between Her Majesty's Government and the Australasian Colonies as dealt with by Lord Kimberley, have renewed their application to the Secretary of State that the Queen may be advised to give the Royal Assent to the Intercolonial Reciprocity Act of the Parliament of Tasmania.

The resolutions passed at the Intercolonial Conferences held in Melbourne in 1870 and 1871 may be regarded as pledging the Governments represented on those occasions to move their respective Legislatures to the enactment of similar measures.

New Zealand, South Australia, and Tasmania have, as you are aware, already legislated in this direction, and Intercolonial Reciprocity Acts of those three Colonies now await the signification of Her Majesty's pleasure.—I enclose copies of these enactments.

In conjunction with my colleagues, I would now earnestly impress upon the Government of New South Wales the advisability of submitting an Intercolonial Reciprocity Bill to the Legislature of that Colony with as little delay as possible. I have urged similar views upon the Government of Victoria.

The enactment of such a measure would not, it must be obvious, commit the Government of New South Wales to any immediate, or indeed eventual, modification of the existing Tariff. The Acts passed by the Colonies already named are only enabling measures, which would place their respective Governments in a position to negotiate Tariff Conventions with other Colonies.

But I need scarcely point out to you that concurrent legislation in this direction by the two most important Colonies in Australia,—while it would only embody in a practical shape the resolutions and memorandum adopted by the Governments represented at the Melbourne Conference of 1871,—would add greatly to the moral weight of the considerations already addressed to Her Majesty's Government on this subject; and would most certainly have the effect of producing an early, if not an immediate, change in the policy of the Imperial authorities in the matter of Inter-colonial Fiscal Legislation and Differential Duties.

I deem it superfluous to urge upon your attention, on this occasion, the considerations, with which you are already familiar, that have induced this Government to join with those of other Colonies in a demand for the concession of the right to regulate their fiscal arrangements amongst themselves unrestrained by Imperial prohibitions and the Treaty obligations of Her Majesty's Government.

I observe with satisfaction that New South Wales, Victoria, and South Australia seem now likely to conclude a Convention securing Intercolonial Free Trade across their internal frontiers; and I accept the prospect as an indication that the day is not far distant when the same principle will be extended to their over-sea intercourse with each other and with Tasmania.

In conclusion, I would remark that the adoption of the legislative action I have suggested to your Government as a practical response to Lord Kimberley's Despatch does not, of course, preclude you from offering to Her Majesty's Government that further explanation of your views on the whole question of Colonial relations with the Empire which His Lordship invites in his concluding observations.

I have, &c.,

(Signed) J. M. WILSON.

*The Hon. the Colonial Secretary, New South Wales.*

[Similar to the Hon. the Chief Secretary, Victoria.]