

III.—Trading Companies.

they have been attractive chiefly as convict and naval stations, excepting to Holland, which apparently regards them from a commercial point of view. Great Britain, which might look upon them from four standpoints—

1. As naval stations;
2. As important to the preservation and safety of her Australian possessions;
3. In order to preserve them from becoming convict stations;
4. On account of their commercial importance—

has stood aloof.

She is now, probably, on the point of taking some responsibility in respect to Fiji; but it has, in many ways, been almost forced upon her. She is indifferent to the Navigator or Samoan Islands becoming an American dependency, although she knows they are being so constituted because of the excellent harbour they possess, their commanding position, and their splendid capabilities.

On the other hand, Great Britain has entered on a herculean task in undertaking the repression of slavery in the Southern Seas. This is a work which, under present conditions, will not grow less. The expense is not temporary. Let the islands continue as at present, and the repression of slavery in the South Seas means such an inducement to those who are successful in the trade, as to couple with the efforts to check slavery an encouragement to promote it, and make necessary larger means of repression.

It is hopeless, however, to expect Great Britain to take possession of all unoccupied Polynesia; and the problem which I have considered is—Can New Zealand do anything? Politically, she cannot: but she can do much if it be conceded that to such countries as these islands, the influences of civilization and commerce will stand as substitutes, if not ultimately lead to the flag and the dominion. In fine, it seems to me that New Zealand may earn for reluctant Great Britain—without committing her to responsibilities she fears—a grand island dominion; may, in the meanwhile, save the Mother-country much trouble, and danger, and risk (I speak, of course, of the danger and risk of expenditure, which weigh so much with the rulers of Great Britain); and when the result is secured, and the commerce established, it may be recognized that New Zealand, the Colony, has done a useful work for Great Britain, the Empire.

In this work, all aid and countenance, or even tacit permission, have been denied to New Zealand.

The plan which I am about to develop, arose in my mind in this way:—

Mr. Coleman Phillips, who had aided in arranging for the establishment of a bank in Fiji, addressed to me a communication in which he suggested the establishment of a company which, like the East India Company, should endeavour politically and commercially to gain ascendancy in the Pacific Islands. I was much struck with the idea; but, when Mr. Phillips asked me if I would advise him to go Home to endeavour to float the company, I felt that he would have great difficulty in raising the capital. It then occurred to me, from the New Zealand point of view, from which I felt bound to look at it, that Mr. Phillips's project, supposing it matured, might or might not be worked in a manner calculated to be of much benefit to New Zealand.

I then asked myself, Was it not worth the while of New Zealand to secure the charge of the great work, by enabling the capital to be raised? What I have already written will suggest the answer the query met with in my mind. I recognized that New Zealand should make the effort; and the following is the course I advise:—

A company to be formed, on the share capital of which New Zealand to give a guarantee of five per cent. interest for fifty years. I estimate that this would secure the necessary capital with facility. The company to purchase, if procurable, the leading factories and estates already existent in the chief islands, and to establish others of its own; to acquire land and assist suitable persons with capital and means, on condition that the produce be sold to the Company at agreed prices; to aid the missionaries to civilize; and to endeavour to encourage native industry, by agreements with the chiefs.

I need not here more minutely particularize the nature of the Company's operations. I have described them in a memorandum to His Excellency, which is attached. It will be sufficient now to add, that I propose the Company should, by its immense resources, do all it can to develop and to absorb the trade and produce of the islands.

I do not propose that the Company should be more than a commercial one, and therefore it is no part of my proposition that it should confine its operations to the islands unannexed to foreign countries. On the contrary, it seems to me, for example, that the Company's operations would be heartily welcomed by the French at Tahiti and New Caledonia.

The returns I propose New Zealand should exact for its guarantee are certain conditions, such as—

- (a.) That the Company should carry the produce of the islands to New Zealand, and should ship from New Zealand its supplies to the islands.
- (b.) Royalty to be paid on all produce procured by the Company from the islands, and also a royalty on all supplies, other than those of New Zealand produce and manufacture, sent to the islands.
- (c.) The establishment of manufactories in New Zealand to utilize the island products, such as sugar refineries, cotton mills, paper mills, &c.
- (d.) *Affording encouragement to New Zealand productions and manufactures by shipping to the islands live stock and such articles, produced or prepared in the colony, as grain, flour, preserved meats, beer, rope, fabrics of various kinds, glass, reduced iron, coal, agricultural machinery, biscuits, boots and shoes, butter, cheese, hams and bacon, fish dried and pickled, candles, soap, cordage, sawn timber, doors and sashes, shingles, and cotton and woollen fabrics.
- (e.) The establishment of steam communication constantly between the different islands and New Zealand ports from north to south.

I allude to these conditions sparingly, and do not state the relative importance I attach to them, because I am now dealing with the matter from the twofold position of the two parties to the bargain.

When a number of gentlemen place themselves in a position to negotiate, I shall be able to develop the view of the Government, as they will that of the Company.

As nearest to the work, I think the head-quarters of the Company should be in Auckland; but its works, and factories, and steamers should be in all parts of the colony. It should have Directors in all the provinces, who should possess a certain power of local action. They should periodically meet at some central place—say, Wellington. The Managing Director in the colony and at Home should be appointed by the Government, to secure the fulfilment of the Company's obligations to the colony.

I may add, I consider that Mr. Phillips's share in the project entitles him to substantial compensation.

I can hardly be more explicit until, as representing the Government, I am able to treat with those who represent the Company; and for obvious reasons I abstain from setting forth the many already established businesses, connections, lands, and factories which I believe the Company might, without difficulty, at once secure on favourable terms.

In conclusion, I may observe that I believe the Company will be a great success; and that the shareholders, secure of five per cent. as their minimum profit, may reasonably count on very much larger returns. On the other hand, it seems to me difficult to exaggerate the advantages to New Zealand, and through New Zealand to the Empire, from this proposal. It will make New Zealand a great manufacturing and a great shipping country. It will stimulate the people of the colony to the exercise of that hardy enterprise which has done so much to build up

* I find that the principal articles of commerce imported into the Mauritius are—Live animals (horses, cows, and oxen), gunny-bags, beef salted, beer and ale, boots and shoes, carriages, cheese, coals, clocks and watches, coffee, cordage, coir, copper sheets and nails, corn and grain, cotton manufactures, fish dried and salted, haberdashery and millinery, hardware and cutlery, hats, iron (bar, sheet, and castings), lard, leather, linen manufactures, machinery and mill works, manure (guano), oils, pork salted, soap, spirits, tea, tobacco, umbrellas, wine, woollen manufactures (cloth, blankets, and shawls), wood (planks and boards, shingles). The quantities of cotton manufactures imported during 1867 were—Plain, 3,582,487 yards; coloured, 3,750,795 yards. Java, besides immense quantities of cotton and woollen goods, receives very largely, from the United States—Flour, beef, pork, bread, machinery, cordage, furniture, soap, butter, candles, preserved provisions, sawn timber, apples, tongues, ploughs, carriages. There were imported into Java, during 1871, cottons (including cotton yarns) to the value of £609,000. The imports of all sorts to Ceylon, in 1871, amounted to £4,970,000; and to the Mauritius, to £1,807,000.