

operations of cruisers. They therefore were willing to recommend to Parliament an annual contribution of £20,000 if two ships of war were permanently assigned to a separate station, which would include New Zealand, Fiji, and some of the Eastern Islands.

5. The Admiral has shown no inclination to respond to the proposal. On the contrary, he has more and more made it evident that he is aiming at the Australasian Colonies assuming a liability to contribute towards the cost of the naval defence of the Empire.

6. The marked manner in which the Admiral constantly emphasises the influence of defence operations on widely-scattered portions of the Queen's dominions, and the admitted inadequacy of the present Australasian fleet, leave no doubt as to the Admiral's proposals possessing an organic bearing on the whole subject of the relation of the various portions of the Empire.

7. The question has thus passed beyond the limits of temporary and local adjustment. Two broad issues are now presented: The first, whether the Governments of the Australasian Colonies can acquiesce in Her Majesty's Government confessedly leaving that portion of the Empire insufficiently protected, and using the fact as a means of negotiating with them for a pecuniary contribution. The second, whether this group of colonies should consent to contribute to the cost of the naval forces; and, if so, on what terms?

8. The Treasurer is quite unable to agree that the Australasian Colonies should be left without an adequate fleet. The supply of such a fleet, irrespective of pecuniary contribution, seems to him a fundamental duty.

9. Most cordially, however, the Treasurer agrees that the Australasian Colonies should contribute to the cost of the naval forces of the Empire, but only in common with other portions of Her Majesty's dominions, and he has held that opinion for many years. He is entirely unable to see why the principle should be only partially applied, and he is also unable to agree that contributing to the cost of the defences should fail to carry with it a share of control over the expenditure.

10. The Mother-country, India, the Constitutional colonies, and the Crown colonies should, he ventures to think, all contribute on an established basis, and should have a fairly proportionate representation in a Federal Parliament. As to the basis of contribution, it should, he considers, depend on the threefold conditions of population, property, and trade, and be subject to periodical adjustment.

11. Under such a participating arrangement the naval forces should be maintained on such an irresistible footing as to practically render the Greater Britain thus constituted indifferent to the complications and dissensions of Foreign Powers. Trade-relations and population-distribution would probably take the same national form, and the cost of the naval forces be abundantly compensated to all parts of the Empire.

12. Without further pursuing the speculative portion of the subject, the Treasurer is of opinion that, while the colony may temporarily agree to the contribution already proposed, in consideration of the location of two men of war, it should not commit itself to any wider arrangement, which is not equally applied to all parts of the Empire.

13. The Treasurer suggests that this memorandum should be sent to the Governor for transmission to the Secretary of State for the Colonies, with a statement of how far it embraces the opinions of other members of the Cabinet. Whilst a copy of it might be submitted to the Admiral, it would be well to deal with his late communication by a separate memorandum.

1st September, 1886.

JULIUS VOGEL.

No. 43.

Rear-Admiral TRYON to the GOVERNOR of NEW ZEALAND.

SIR,—

"Nelson," at Sydney, 23rd September, 1886.

When acknowledging the receipt of your Excellency's letters of the 10th September, 1886 Not printed. —the first accompanied by a memorandum from your Excellency's Premier, and the second by one No. 42. from the Colonial Treasurer—I beg your Excellency to accept an expression from me in a sense of grateful appreciation for the consideration that has been bestowed by your Ministers on the letters to which they refer.

2. While some of those letters have touched on subjects beyond their immediate object—viz., the increase of naval forces in these seas, as is evinced by the fact that the summary of all proposals contains the condition that any increase of the naval forces made in the way proposed would be retained in Australasian waters. Still, I thought it was not without force to point out how vessels provided under the scheme might well work in unison with the fleet of the nation, and how the power of any force was increased by the fact of its being part of an harmonious whole; also, to point out some of the links connecting one part of the naval forces of the nation with other parts; and I attempted briefly to do so, and that mainly in reply to questions that have been put to me. I thus found myself tempted to travel a little beyond the immediate object of those letters.

3. The far wider fields now opened with noble aspirations by your Excellency's Ministers are beyond my province. My knowledge is limited to a general acquaintance with facts connected with the actual existing naval and military forces of the Empire.

4. The united action of the whole Empire for naval defence purposes, with the varying conditions of the several parts, is too vast a subject for me; to have tried to touch on it would, I thought, have probably cumbered the immediate object of my task.

5. When casually glancing at the question some time back, and referring to the colonies in these seas, to Canada, and to India, I found that, as to India exclusive of European troops, there were but ninety thousand British-born subjects there. The condition of India demands the existence of an army of 190,000 men, a great portion of which is available for service anywhere. India possesses a flotilla and pays a subsidy towards the maintenance of the naval force on the station.