

this country, a part of the British army, and that in return a similar regiment of British troops, or a brigade of artillery or cavalry, should go to Canada, and should reside and exercise with the Canadian army, and form a part of that army. The idea is that this should be chiefly for the purpose of drill and instruction, and I cannot doubt that it will be of enormous advantage to the Canadian troops, and to the troops of the colonies, to measure themselves against the regular army, and to learn the discipline and the manœuvres which are practised on a large scale in this country.

“But my imagination goes even further. It seems to me possible that although in the first instance the idea is that such a regiment coming to this country would come solely for that purpose and would not be engaged in military operations, yet if it were their wish to share in the dangers and the glories of the British army, and take their part in expeditions in which the British army may be engaged, I see no reason why these colonial troops should not, from time to time, fight side by side with their British colleagues. That, however, is a matter which, like everything else I am putting before you, is not a recommendation which has any pressure behind it; it is merely a suggestion to be taken up by you voluntarily if it commends itself to your minds. What I have suggested might take place with regard to Canada I believe might equally take place with regard to such fine forces as those of which we have seen representatives from some of the Colonies of Australia, and might take place also with regard to the South African Colonies.

#### COMMERCIAL RELATIONS.

“I pass on, then, to another question, and that is as to the future commercial relations between this country and her colonies. How far is it possible to make those relations closer and more intimate? I have said that I believe in sentiment as the greatest of all the forces in the general government of the world, but at the same time I should like to bring to the reinforcement of sentiment the motives which are derived from material and personal interest. But undoubtedly the fiscal arrangements of the different colonies differ so much among themselves, and all differ so much from those of the Mother-country, that it would be a matter of the greatest complication and difficulty to arrive at any conclusion which would unite us commercially in the same sense in which the Zollverein united the Empire of Germany. It may be borne in mind that the history of that Zollverein is most interesting and most instructive. It commenced entirely as a commercial convention, dealing in the first instance only partially with the trade of the Empire, it was rapidly extended to include the whole trade of the Empire, and it finally made possible and encouraged the ultimate union of the Empire. But this is a matter upon which at the present time, rather than suggest any proposals of my own, I desire to hear the views of the gentlemen present.

“In the meanwhile, however, I may say that I note a resolution which appears to have been passed unanimously at the meeting of the Premiers in Hobart, in which the desire was expressed for closer commercial arrangements with the Empire, and I think it was suggested that a Commission of inquiry should be created in order to see in what way practical effect might be given to the aspiration. If that be the case, and if it were thought that at the present time you were not prepared to go beyond inquiry, if it were the wish of the other colonies, of Canada and of the South African Colonies, to join in such an inquiry, Her Majesty's Government would be delighted to make arrangements for the purpose, and to accept any suggestions as to the form of the reference and the character and constitution of the Commission, and would very gladly take part in it.

“But that brings me to another question connected with commercial relations, and of great importance. I refer to the treaties at present existing between the Mother-country, acting on behalf of the colonies as well as of herself, and foreign countries. The question has been raised at various times in the shape of resolutions or suggestions from the colonies that certain treaties, notably a treaty with Germany and a treaty with Belgium, should be denounced. It should be borne in mind that that is for us a most important question. Our trade with Germany and Belgium is larger than our trade with all the colonies combined. It is possible that if we denounced those treaties Germany and Belgium would endeavour, I do not say whether they would succeed, but they might endeavour to retaliate, and for some time, at any rate, our commercial relations with these two countries might be disturbed. Therefore a step of that kind is one which can only be taken after the fullest consideration and in deference to very strong opinion both in this country and in the colonies. Now, the question is brought to a practical issue, or may be brought to a practical issue, by the recent action of Canada. As all are aware, Canada has offered preferential terms to the Mother-country, and Germany and Belgium have immediately protested and claimed similar terms under these treaties. Her Majesty's Government desire to know from the colonies whether, so far as they are concerned, if it be found that the arrangements proposed by Canada are inconsistent with the conditions of those treaties, they desire that those treaties shall be denounced. If that be the unanimous wish of the colonies, after considering the effect of that denunciation upon them as well as upon us, because they also are concerned in the arrangements which are made by these treaties, then all I can say at the present time is that Her Majesty's Government will most earnestly consider such recommendation from the colonies, and will give to it the favourable regard which such a memorial deserves.

“But I should add that there is another question which is still more difficult, but about which I only wish to offer a word of warning to the representatives present. Besides those two treaties, which are very special in their terms, and which prevent the preferential arrangement, or which appear to prevent the preferential arrangement, contemplated by Canada, we have a most favoured nation clause in all our treaties to which most of the colonies are parties. I may explain that, under the terms of the Canadian resolution, if any foreign nation were to offer to Canada beneficial terms as defined in the resolution, Canada would then be bound to give to that country the same preference as is offered to Great Britain. Let me suppose, for instance, that it was a minor