

pointing and discouraging as I have already pointed out, but the very valuable experience which we have derived from the history of the Canadian tariff, shows that while we may most readily and most gratefully accept from you any preference which you may be willing voluntarily to accord to us, we cannot bargain with you for it; we cannot pay for it unless you go much further and enable us to enter your home market on terms of greater equality. I am making that statement as a general statement, but I am well aware that the conditions of the colonies vary immensely, and that a good deal of what I have said does not apply to the Colony of the Cape or the Colony of Natal. But so long as a preferential tariff, even a munificent preference, is still sufficiently protective to exclude us altogether or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets, especially if the articles in which the foreigners are interested come in under more favourable conditions.

Now, I have said that New Zealand has made three proposals for our consideration. As regards the other points, they involve a great deal of detail, and therefore I should wish to reserve any observations which I may have to make upon them, except to call special attention to the proposals of New Zealand that we should consider the question of communications between the colonies and the Mother-country. I think at the present time that is a question of supreme importance. The bounties which other countries are lavishly giving to their shipping constitutes a real danger to inter-Imperial trade; these bounties constitute an unfair competition. It has been said sometimes that the trade follows the flag, and that has been disputed. I am afraid it does not do so necessarily and certainly as we should desire, but trade does follow the shipping, and if by any cause and by any fault of ours the shipping transport between the colonies and ourselves is allowed to get into foreign hands I can only say that in my opinion I think it will reduce materially the interchange of goods between ourselves and the colonies; and from every point of view, therefore, I regard it as most important that the Conference should give special attention to this proposal of New Zealand.

Gentlemen, I think I have said all—perhaps, even more than I need to have said—in opening this Conference. In conclusion, I would add that I cannot conceal from myself that very great anticipations have been formed as to the results which may accrue from our meeting. Possibly those anticipations are too sanguine; possibly they have been formed by persons who are insufficiently acquainted with our difficulties, and do not make allowances for the obstacles in our way. The questions have, I think, occupied greater attention in this country than they have, perhaps, at present in the colonies, which have been taken up with matters of more exclusively domestic concern. But here, no doubt, there is a readiness, and I would say an anxiety, to see these important questions dealt with, and dealt with in a fashion which will bring us more closely together. We in the United Kingdom for centuries past have been holding our house like a strong man armed against all our enemies. We have felt throughout all the period the burdens as well as the privileges and advantages of Empire. We see now that all other nations are also arming to the teeth. I want you to consider for a moment what is the present position of the smaller nations with whom in population you may more closely compare yourselves. What is the position of such nations in Europe as Greece, the Balkan States, or Holland, or the South American Republics? Why, gentlemen, they are absolutely independent nations, accordingly they have to bear burdens for their military or naval defences, or for both, as the case may be, to which yours bear no proportion whatever. I point out to you, therefore, that in the clash of nations you have hitherto derived great advantage, even from a purely material standpoint, from being a part of a great Empire. But the privileges which we enjoy involve corresponding obligations. The responsibilities must be reciprocal and must be shared in common, and I do not think that any Empire may be said to be on a sure foundation which is not based upon recognised community of sacrifices. Gentlemen, I have, perhaps, in some of my remarks, gone a little beyond my province, but I rely upon your kindness to excuse it. I thought it desirable, in opening this Conference, that some observations of a general character should be put before you, in order that you might see, as it were, into the minds of the Imperial Government. I do not know how far you will be prepared to proceed to-day with our deliberations. I imagine, at all events, you will reserve all discussion in detail to a subsequent period, and I shall be much obliged, if that is the case, if you would arrange with me what dates and what hours would be most convenient to you for our meetings, and any other matters connected with the conduct of the Conference which you would desire to bring forward.

#### NAVAL DEFENCE.

It was decided that the first question that should be discussed was that of naval defence, as to which Mr. Seddon had given notice that he would move a resolution:—

“That the Australian Squadron be strengthened (a) by increasing the number of cruisers; (b) by withdrawing some of the inferior gunboats, and replacing them with modern and better-class cruisers; and (c) by adding torpedo catchers or destroyers, if deemed necessary. The extra cost of maintenance entailed to be defrayed in the same proportion as provided under the existing agreements, and on population basis.”

His Majesty's Government had also been furnished with the accompanying memorandum by the Minister of Defence for the Commonwealth:—

Department of Defence, Melbourne, 15th March, 1902.

*Minute to the Right Honourable the Prime Minister as to Naval Defence.*

I HAVE the honour to submit for consideration my views as to the means to be adopted so as to provide for the naval defence of Australia.