

very great difficulties, in respect of statutes and treaties. The Australian Colonies were precluded, by the Constitution Acts granted to them, from entering into any differential tariff agreements with one another or with any other country or place. That prohibition was relaxed by the Imperial Act of 1873, 36 Vict., Chap. 22, to the extent of allowing them to conclude such arrangements with one another, but it remains in force as regards arrangements with other Colonies.

This statutory prohibition appears to be of a very exceptional, if not of unique, character. There is nothing in the statute book to prevent Canada, the Cape, or even the Crown Colonies from making differential conventions. The enactment with regard to the Australasian Colonies remains, therefore, exceptional in character. The object of the first resolution is the removal of the statutory disability imposed on Australia. I understand that effect could be given to it by simply repealing the provisions in the Constitution Act or by extending the provisions of the Act of 1873 so as to enable the Australasian Colonies to grant tariff concessions to other British Colonies. It may be urged in favour of the request that it would only place the Australian Colonies on the same footing as all other Colonies. The Crown would, of course, retain its power of veto over all customs bills which might be passed with the view of carrying out any differential arrangements. No actual use whatever is being made at the present time of the liberty that was conceded to the Australasian Colonies in 1873 to make such conventions as amongst themselves, and the only conventions which are now in view are with Canada and possibly with the Cape.

Having regard to the character of the commerce contemplated, the conclusion of such arrangements would probably not materially affect the interests of Great Britain, and it may therefore be urged that the repeal of the provisions in question is free from any serious objection, either on constitutional or on commercial grounds.

In an appendix to this report a list is given of the particular articles which it was suggested might be exchanged between the Colonies represented.

To all this subject of interchange the general observation applies that the cost of the land freight would militate greatly against trade in bulky articles between Australasia and the Eastern Provinces in which most of the Canadian population reside. The distance from Vancouver to Montreal by the Canadian Pacific Railway is nearly 3,000 miles, and the heavy cost for carriage which is necessarily involved by so great a distance would obviously be to a large extent prohibitive. The population of British Columbia itself is only about 100,000. Upon the whole it does not seem probable that the existing trade between the Eastern Provinces and Europe would be materially affected by the extension of trade with Australasia.

It may also be remarked that several important articles in the annexed list are not subject to any customs duty. The protective system, which is, generally speaking, followed in the Colonies, does not call for duties on articles which are not produced locally, and the productions of Canada and Australasia are so different that it would seem natural and practicable to promote their exchange within those limits which the cost of freight admits. In the case of the Australasian Colonies the articles suggested are, substantially speaking, certain natural products which can be supplied there at a low cost and on an immense scale. These products are sold at a profit in Great Britain and other countries at a great distance, and could, no doubt,