

4. The third resolution declares that: "Whereas the stability and progress of the British Empire can be best assured by drawing continually closer the bonds that unite the Colonies with the Mother Country, and by the continuous growth of a practical sympathy and co-operation in all that pertains to the common welfare :

"Therefore resolved : That this Conference records its belief in the advisability of a customs arrangement between Great Britain and her Colonies by which trade within the Empire may be placed on a more favourable footing than that which is carried on with foreign countries.

"Further resolved : That until the Mother Country can see her way to enter into customs arrangements with her Colonies it is desirable that, when empowered so to do, the Colonies of Great Britain, or such of them as may be disposed to accede to this view, take steps to place each other's products in whole or in part on a more favoured customs basis than is accorded to the like products of foreign countries.

"Further resolved : That for the purposes of this resolution the South African Customs Union be considered as part of the territory capable of being brought within the scope of the contemplated trade arrangements."

5. With the preamble of this resolution the feeling, not only of Her Majesty's Government, but of the entire population of this country, is, I need not say, in hearty sympathy—a sympathy to which no proposal clearly tending to promote the stability and progress of the Empire can appeal in vain.

6. The unanimity of sentiment which prevailed throughout the Conference on this point has been noted with pleasure by Her Majesty's Government, and it is with regret, therefore, that they feel compelled to express a grave doubt whether the fiscal policy, the principle of which was adopted by the majority of the Conference as a means of securing this object, is really calculated to promote it.

7. The resolution does not advocate the establishment of a customs union comprising the whole Empire, whereby all the existing barriers to free commercial intercourse between the various members would be removed, and the aggregate customs revenue equitably apportioned among the different communities. Such an arrangement would be, in principle, free from objection, and, if it were practicable, would certainly prove effective in cementing the unity of the Empire and promoting its progress and stability. But it was unanimously recognized by the delegates that the circumstances of the Colonies make such a union for the present, at any rate, impossible ; and it is, therefore, unnecessary to discuss the practical difficulties which stand in the way of its realization.

8. The actual proposition is something essentially different, namely, the establishment of differential duties in this country in favour of colonial produce, and in the Colonies in favour of the produce of the Mother Country. Commercial intercourse within the Empire is not to be freed from the customs barriers which now impede it, but new duties, confined to foreign goods, are to be imposed where none exist at present, and existing rates of duty, now of impartial application, are to be either increased as against foreign trade or diminished in favour of British colonial trade.

9. It was generally recognized at the Conference that this policy involves a complete reversal of the fiscal and commercial system which was delibe