

aggression would be committed than that an Imperial authority which has had no direct connection with the affairs of its citizens would successfully enforce obedience on them for the first time at a moment when passions are high. It would seem that our central government, as Hamilton observes in another passage of the Federalist, "must be able to address itself immediately to the hopes and fears of individuals; . . . it must, in short, possess all the means and have a right to resort to all the methods of executing the powers with which it is intrusted, that are possessed and exercised by the Governments of the particular States." The practical consequence of this is that the Imperial Government together with the power to tax must have an executive of its own to collect taxes, the payment of which will be made by the citizens to it directly and not to the State Governments. If this solution is adopted there should be little doubt in the citizen's mind to whom his allegiance is finally due. The sovereignty of the Federal authority will not become visible to him merely in the last resort; it will have been in every-day exercise both for the collection of revenue and in the enlistment and maintenance of the military and naval forces. Unpopular as the collection of taxes may be, nothing short of such an exercise of sovereignty in normal times would be calculated to produce that permanent disposition to regard the Imperial Government as a legitimate and supreme authority, without which any severe and sudden demand on its part cannot be expected to arouse an effective response.

The cost of defence, it was agreed, should be distributed on the basis of equality of sacrifice on the part of the Dominions, this equality to be determined by taking into account both the population and the aggregate of the national resources (capital and income) of the Dominions. In estimating sacrifice it may be advisable to consider the trade benefit to a State derived from, *e.g.*, the construction of Imperial dockyards in its territory, or the concentration of part of the Imperial fleet round its shores. The Group accepts the machinery suggested in the Memorandum for regulating distribution of cost by an assessment commission.

The constitutional scheme suggested is as follows:—

#### I.

The Imperial Assembly to consist of two Houses [Messrs. P. and McD. present a minority note in favour of a single chamber.] The Lower House should have a fixed number of members (200 suggested) returned by direct election on a population basis. Population, for this purpose, means all who possess the full rights of