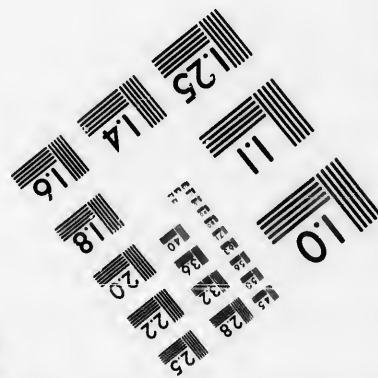
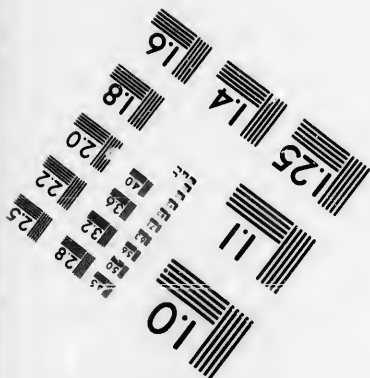
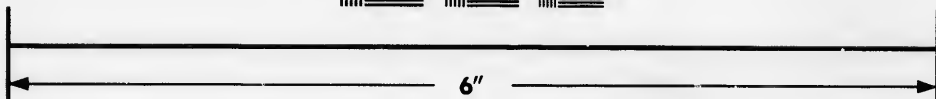
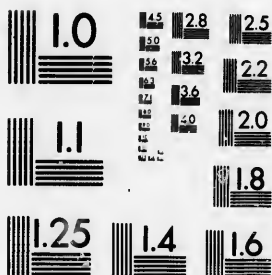


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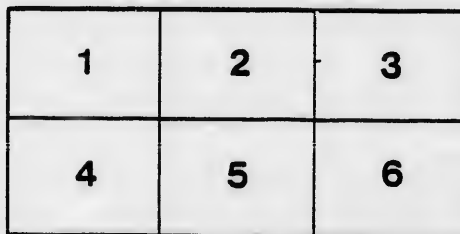
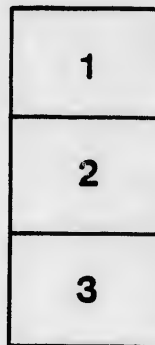
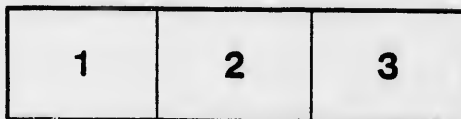
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THE COMMERCIAL ADVANTAGES OF  
FEDERATION.

AN ADDRESS DELIVERED BEFORE

The Royal Colonial Institute,

ON THE 14<sup>TH</sup> MARCH, 1882,

SIR JOHN COODE

IN THE CHAIR.

BY

WILLIAM J. HARRIS, Esq., F.S.S.

*(Extracted by permission from the Journals of the Institute.)*

EDWARD STANFORD, 55, CHARING CROSS, LONDON.

1882.



## THE COMMERCIAL ADVANTAGES OF FEDERATION.

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I THINK it is unnecessary for me to enlarge on the fact of there being a general desire on the part of the inhabitants of Great Britain and also of our Colonial population in all parts of the world for a tightening of those cords which bind us to one another. Paper after paper is read at these meetings testifying to the feeling which exists on both sides, and I believe that it has no distinction in party politics. There is therefore no necessity for me to trespass on politics, even if such a thing were allowed. I have no doubt that if it were put to the vote of all Englishmen in all parts of the world, whether home or Colonial, that there would be nine in favour of the union of the Empire where there would be one against it.

Sir Henry Parkes, the Premier of New South Wales, bore witness to this in a speech he made in New York during last month, and predicted that the natural future of Great Britain and her Colonies would be that of complete Federation.

I must, however, look a little beyond that feeling of sentimental affection and mutual consideration which finds such ready expression at these meetings, and see if there is some underlying bond of interest which, by being strengthened, would for ever set at rest all talk of separation of any one of the component parts of the Empire from the others.

I give below some figures from the official returns showing how the exports from this country have grown more with our own Colonies than with other countries during the last twenty years.

*The Commercial Advantages of Federation.*

SUMMARY OF THE VALUE OF EXPORTS OF BRITISH PRODUCE AND MANUFACTURES, EXCLUSIVE OF FOREIGN AND COLONIAL, DISTINGUISHING FOREIGN COUNTRIES AND BRITISH POSSESSIONS, DURING THE LAST TWENTY YEARS.

	Period. 1861-65	Period. 1866-70.	Period. 1871-75.	Period. 1876-1880.
<b>FOREIGN COUNTRIES:—</b>	£	£	£	£
Europe .....	275,861,491	366,349,291	512,431,174	407,597,163
America .....	167,594,423	225,584,969	280,929,345	184,635,220
Other Countries .....	53,249,925	94,850,398	84,825,262	76,557,753
<b>Totals .....</b>	<b>£496,704,839</b>	<b>£686,784,658</b>	<b>£878,185,781</b>	<b>£668,790,136</b>
Increase over preceding period .....	—	£190,075,819	£191,401,123	—
Decrease over preceding period .....	—	—	—	£209,395,645
<b>BRITISH POSSESSIONS:—</b>	<b>£234,879,604</b>	<b>253,070,067</b>	<b>321,374,689</b>	<b>337,201,053</b>
Increase over preceding period .....	—	18,190,463	68,304,622	15,826,364

RECAPITULATION.

	£	£	£	£
Foreign Countries .....	496,708,839	686,784,659	878,185,781	668,790,136
British Possessions .....	234,879,604	253,070,067	321,374,689	337,201,053
<b>Totals .....</b>	<b>£731,588,443</b>	<b>£939,854,725</b>	<b>£1,199,560,470</b>	<b>£1,005,991,189</b>
Increase over preceding period .....	—	£208,266,282	£259,705,745	—
Decrease over preceding period .....	—	—	—	£193,569,281

On examining these figures, the increasing importance of our Colonial trade becomes at once conspicuous.

Thus in the five years, 1876-80, the decrease in our exports to the rest of the world amounted to £209,395,645, compared with the previous quinquennial period, while the exports to our Colonies advanced £15,826,364. This increase is the more important seeing that prices of all our exports were very much lower. Probably if the prices of 1871-5 had been maintained, the increase might have been 100 millions instead of 15 millions. It must also be borne in mind that our exports to the Colonies consist almost entirely of manufactured goods, and that they, therefore, represent a much larger employment of labour at home when compared with those of the rest of the world. My object this evening will be to show that by a federation of all commercial interests the rates of increase might be not only maintained but enormously increased.

The great example which we have of successful Federation is that of the United States. The Northern States saw the immense importance of Federation in 1864, when the Southern States declared their independence. It is well known that the question of slavery alone would never have caused the North to spend all the blood and treasure that was then spent, and to burden the nation with a debt amounting to £500,000,000. Had the South been successful



EXCLUSIVE  
BRITISH

period,  
18-1890.  
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557,753  
790,136

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and established her independence, the Western States, as well as California, would probably have followed suit, and there would have been four little kingdoms instead of one great Confederacy. Capitalists would have held back from investments, tariffs would have been imposed here and altered there, and trade and agriculture would have shrunk into narrow compass. This is what President Lincoln and the other statesmen of his day foresaw, and every farthing spent has been most amply repaid to the people, as I shall show by a few statistics mostly collected from American sources. It may be said that the American Union has within itself almost as many differences of climate and soil as Great Britain and her Colonies. The mineral wealth is probably about equal, the better quality of the coal and iron found in England being balanced by the larger quantity of more precious metals found in the great mines of the Rocky Mountains. The commercial policy of the States has been the same as her political. To build up a world within a world has been the aim of almost all her eminent men. The agricultural capacity of the country has been the groundwork of its wealth. Firstly, the cotton crop, which was the special industry before the civil war, and afterwards the cultivation of grain, which has brought population to the Far West, have both played into the hands of the national policy.

In reviewing the commercial growth of the American Union I shall to a great extent confine myself to a description of the great extension which has taken place in farming in the Western States during the last two decades. Being myself an importer of corn from all parts of the world, I feel more capable of giving correct views in regard to this business than to any other. In 1860 the Western States were very thinly populated, and the communications required for bringing this fertile tract into usefulness were mostly unmade. The land was known to be extremely fertile, and the making of railways has converted what was almost valueless into enormous national wealth. This extension of the railway system has been at the bottom of the great prosperity of the United States. The fertility of the land brought the railways; the railways produced the agriculture; the agriculture brought the increase of population; the population formed the towns; the towns made the commerce, and the commerce made the prosperity of the manufacturing centres.

This is the reasoning that has made Americans protectionists. They consider their own Federal Union is a world within itself. With nearly all the products of the globe produced at home, they consider they can exchange them among themselves more profitably

than they can exchange with other nations, with many necessary charges added. They practice the most complete free trade between all parts of the Union, and if there were no other country in the world the United States alone would prove the soundness of the views of Adam Smith.

Agriculture has, however, thus far been developed at a greater rate than manufacturing industry, and hence they have a surplus for export, which has increased enormously during the last five years.

Senator Morrill, in his speech on the Tariff question in the United States Senate, on December 8, 1881, made use of these words: "Agriculture has made immense strides forward. The recent export of food products, though never larger, is not equal by twenty-fold to home consumption." According to his opinion, therefore, the great Federal Union does not seem to be in any large degree dependent on exports of food. If the food exported only reaches one-twentieth part of that consumed there would be no very serious loss if the export ceased. I am, however, disposed to doubt the correctness of this opinion. I believe that it would take America some years to recoup a serious diminution of her export trade in food. Her export trade in cotton is comparatively secure to her. No country in the world has such advantages for cotton culture, and the peculiar quality grown becomes a necessity in the manufactures of older countries. I will now give a few figures, showing the increase in wheat culture. The acreage under wheat has increased from 19,900,000 acres in 1871 to 36,000,000 acres in 1880. The export has increased in a still more important ratio, viz., from 5,000,000 quarters in 1871 to 21,000,000 quarters in 1880.

The increase both in acreage and exports of maize or Indian corn is in like proportions. It is therefore quite evident that agriculture has made greater strides than any other industry, seeing that the produce is far more than can be consumed.

Comparing the increase in land under wheat with the increase in railways opened, it is remarkable to see how the one has kept pace with the other. Thus in 1870 there were 46,000 miles open, and in 1880 nearly 90,000 miles. The progress in this country for the same period has been from 15,500 miles to 17,900, or only 2,400 miles here against more than 40,000 there.

As regards the increase in national wealth during the decade, I take the following extract from Senator Morrill's speech: "Our aggregate wealth in 1860 was 19 billions of dollars, but is estimated to have advanced in 1880 to over 40 billions." It is probable that the national wealth now amounts to close upon 10,000 millions

of pounds sterling. The American plan of calculating national wealth is, in my opinion, more correct than that adopted by Mr. Giffen and other political economists in our own country. They simply take the value of everything existing in America, and reckon nothing for investments of their citizens in other countries. In Mr. Giffen's calculations all the investments of Englishmen in America are computed as national wealth, but it is very difficult to understand how such wealth could possibly be made available for national purposes.

The next point to notice is the increasing independence of the wage-earning classes.

In 1860 the number of workpeople, men and women, employed in cotton manufactures, was 122,000, and their earnings were 24 millions of dollars; while in 1880 there were 175,000, and their earnings were 42 millions of dollars.

In 1860 the number of men and women employed in the woollen industry was 41,000, and their earnings were 9½ millions of dollars, while in 1880 the number was 140,000, and their wages 47 millions of dollars.

Wages in all other occupations have advanced in a similar way. The cost of living is in some respects considerably more than in this country, and in other respects very much less. In all probability a working man can live about as cheaply there as here, but he has more to spend, and consequently lives better in America. The wages of farm-servants who live in the house, and have everything found except clothes, are more than double those paid in this country.

Fauperism is almost unknown, and the deposits in savings banks are estimated to amount to over 160 millions sterling, or more than double those of England.

Wealth and the good things of this life are more equally divided than in this country, and the population is every week increasing by upwards of 15,000 immigrants, who bring with them little besides the clothes on their backs.

The Public Debt has been reduced from about 500 millions sterling in 1870 to 390 millions in 1880, and the interest thereon from 26 to 16 millions.

The American people depend on their own inherent strength rather than on armies and navies. They value home industry more than foreign commerce, and have nothing but their coasts to defend. They, however, admit the commercial value to a nation of its exports by a clause in their Constitution which prohibits any duties being levied thereon.

In concluding my remarks on the great results of Federal union in the United States, I will now read some of the concluding remarks in the speech of Senator Morrill, made in the Senate only two months since. He says: "England with all her faults is great, but unfortunately has not room to support her greatness, and must have cheap food, and be able to offer better wages, or part with great numbers of her people. I most sincerely hope her statesmen—and she is never without those of eminence—will prove equal to their great trust and to any crisis; but we cannot surrender the welfare of our Republic to any foreign Empire. Free trade may or may not be England's necessity. Certainly it is not our necessity, and it has not reached and never will reach the altitude of a science. Any impost on corn then it is clear would now produce an exodus of her labouring population that would soon leave the banner of Victoria waving over a second-rate power."

It is the latter part of these remarks of Senator Morrill which I challenge, and the rest of this paper will be devoted to an attempt to refute them.

Having shown what an important matter Federal union has been to the United States, I next come to the consideration of the position of this country in regard to her Colonies, and to a comparison of the results which should follow from our adopting a similar policy. The objection generally raised is that the ocean divides us, and that therefore the cases are wholly dissimilar. It is a very shallow objection. Our own skill in shipbuilding and navigating is equal to the enterprise which the Americans have shown in railway construction. It is the industry of all others of which we are most deservedly proud, and the necessity of greatly increased ocean carriage to and from all our Colonies would vastly promote it. Our wealth in iron and coal in England is undoubtedly greater than that of the United States. Our agricultural land in the Colonies is more extensive. In one thing we must confess some inferiority, viz., in the quality of the cotton produced compared with America; but against this we produce tea and coffee, which articles are not produced by America.

Our Colonies are comparatively undeveloped, and therefore no very important manufacturing interests have yet grown up. We should not attempt to discourage any manufactures in them that are likely to lead to a successful home supply, but it would be most unwise to foster by protection those which are not. The ability to produce food and raw materials on the part of our Colonies is the chief point we have to consider, and whether it would be to the

material well-being of both to fuse their interests in such a manner as to make our future trade flow more in one channel than it has hitherto done. There is no doubt about the capacity of England to produce all the manufactures required by the Colonies at the cheapest possible cost, and I have no doubt about the Colonies being able to produce our food supply. I shall review as shortly as possible the agricultural capacity of each of our larger possessions.

#### INDIA.

Of all our Dependencies India seems likely to do most for us for some years to come. In that vast country we have a population in great part given up to the pursuit of agriculture; about 70 per cent. of the adult males are employed in this occupation—and although the cultivation may be in many cases of the rudest kind, yet it only requires time and the invention of suitable labour-saving implements to improve it greatly. To attempt to alter the present system, and to supplant it by a sudden introduction of English or American machinery, no doubt would be a failure. The Indian farmer is like all others; he knows what his own soil and climate will produce, and he has established a rule of thumb of his own, which science can doubtless improve upon but cannot upset. India is probably at the present time more given up to agriculture than any country in the world. It therefore seems strange that with the demand for imported food which has existed in England for the last twenty years, there should have been so little received from India until the last three or four years. I well remember the first arrivals of Indian wheat in London. When the samples were first shown at Mark Lane the general verdict of the corn trade was that it would never come into consumption in this country. The grain seemed to be nothing but shells, and the flour had been eaten out by weevils. It is perfectly wonderful how this state of things has been improved upon since then. Instead of the grain taking months to arrive at the port of shipment from the interior, and thus being subject in that hot country to the ravages of weevil, it now comes down in a few days. The result has been that we now get all qualities of wheat from Bombay and Calcutta in as good order as we do from the United States. There is a great variety in quality, from the finest white wheat almost equal to Australian, to the coarsest red, which, although selling at a much lower price, produces certain glutinous qualities which could only previously be found in the wheat of other countries, and on which millers in this country were almost dependent. The export from

all Indian ports of the wheat harvested in 1881 will probably amount to 4,500,000 qrs., or more than one-third part of the whole supply required by the United Kingdom; but this probably does not represent one-third part of what India can spare. What is needed is an extension of the railway system into those fertile tracts which lie too far from the trunk lines made by Government. As I have before explained, these lines have been made in the United States with a view of producing their own traffic, population, and towns. How much more successful might they be in India, where the cultivation is already in existence and the population already provided.

It would be presumptuous in me to animadvert on our Indian railway system. The Government has thus far kept nearly the whole of it in its own power. The policy may be right, but to a commercial mind it seems that enterprise is somewhat checked by these restrictions. I am told, however, that no private enterprise would have started the work without Government intervening. The length of railways thus made during the last thirty years in India is only about 10,000 miles. In the United States, on the other system, it is 90,000 miles. The Indian lines have been made in a most substantial manner, and there has doubtless been some gain in this respect over private enterprise in the United States. In India the acreage under wheat is said to be about the same as in the United States, viz., 36,000,000 acres. The disadvantage which the Indian farmer suffers from in competition with the American is dearer carriage. This may be to some extent removed by the speedy construction of railways into all the producing centres. We have refused to foster new industries in India, such as the manufactures of cotton fabrics, greatly to the disgust of many of the natives; let us show them by our future conduct that we desire to foster that great industry which seems to be so peculiarly suitable to their climate and population. Even as a matter of self-interest it must pay our Government. The taxes in India are raised from the land; the average tax on every acre of cultivated land amounts to two shillings, which is calculated to be five and a half per cent. of the value of the produce. By making these railways, and thus increasing the value of the land and bringing a larger quantity into useful cultivation, the Government, at the expense of some little outlay—possibly unremunerative at the first—would prepare the way to a future large increase of revenue, and would lessen the percentage which that revenue would bear to the value of the produce grown. Canals also should be made, wherever practicable, and especially in the districts which are devoted to rice culture. The wheat plant is not so dependent on

rain as the rice, but still the produce is increased considerably in those neighbourhoods which are available for irrigation. There is one advantage which the Indian farmer has over the American : his wants are smaller and his labour is extremely cheap. But against this must be set the ocean freight, which can never be equalised.

By encouraging the construction of public works in India, however, the outward freights from this country would become more active, and steamships could then afford to perform the return journey at a more reasonable rate. The Suez Canal charges alone amount to as much as 2s. 6d. per qr. on every quarter of wheat that comes from India to this country by steamship. Shipowners cannot therefore afford to bring wheat from Calcutta at an average freight much below 10s. per qr., or from Bombay at 9s. per qr. Compared with the freight from New York to Liverpool there is therefore a disadvantage to the Indian grower of at least 5s. or 6s. per qr.

The chief districts in India for the growth of wheat are the Punjab and the North-west provinces. The Central provinces, Berar and Bombay, are also increasing their growth quite as fast as the facilities for transport can be provided.

The Indian land-tax is a far heavier burden on agriculture than any similar tax in the Western States of America.

#### AUSTRALASIA.

Australia, Tasmania and New Zealand grow as fine wheat as any country in the world can produce. The climate of New Zealand is especially suited to a large cultivation of all grain ; it is less subject to drought than that of Australia. The growth of wheat in Australia has been developed to a considerable extent for many years past. Wheat-farming has not, however, advanced nearly so rapidly as sheep-farming. There are large tracts of land which are excellent sheep-runs, and pay better in that form than in any other. The recent discovery that fresh meat can be brought from the Antipodes in a frozen state has a most important bearing on our trade with Australia. The meat arrives in our docks looking as fresh as the day it was killed ; it is then removed into special refrigerating-chambers constructed for the purpose by the Royal Victoria Dock Company, and kept there until sold. As usual with new things there is a sort of prejudice on the part of the butchers against frozen meat, but it is probably made the most of with a view to buy it the cheaper. The recent arrivals have made about 5d. to 6d. per lb., and are said to pay a profit ; at all events the shipments continue. Butter is also preserved in the same manner, and it is likely that this will be a great success ; I hope that it may



ultimately take the place of the French supply. Wool is the most important export of Australia, and the demand for mutton and wool together will bring into profitable occupation vast tracts of land that would not grow wheat.

There is, however, an immense acreage available for the growth of wheat; nothing is needed but the railways to connect it with the shipping ports. The colonists do not regard wheat as a very paying crop; nevertheless, it is calculated that from the crop just harvested there will be 2,000,000 qrs. to spare for export. Australia, as compared with the United States, stands at a greater disadvantage even than India does. There is, again, that item of freight. It cannot be reckoned at less than 12s. per qr. from Melbourne or Port Adelaide, against 5s. from the Atlantic ports of America. Thus there is a disadvantage attending the Australian supply of about 7s. per qr., and as labour is about as dear in Australia as in the United States there is no set-off on that account. The same disadvantage attends their competition in meat and all perishable products. The cost of refrigerating-chambers on board ship is considerable, and instead of being only for a fortnight's voyage the expense has to be incurred for one lasting about six weeks. The trade is of great value to our mercantile marine, and with an encouragement to railroad development, by which we should have good outward freights for iron as well as inward freights for provisions, it would bring much greater prosperity to us as shipowners than any one-sided trade with the United States is ever likely to do.

The capacity of New Zealand for exporting is at present limited to about half a million quarters of wheat, but, as before said, the climate is more suitable than that of Australia for wheat farming, and there is no reason why the quantity should not increase four-fold when the country has been more developed. English capitalists at the present time even are only too glad to make large outlay both in Australia and New Zealand, and if the political position in regard to this country were strengthened by Federation the flow of capital would be all the greater.

The capabilities of Australia for wine-growing are undoubtedly very great. The late treaty with France acted most prejudicially to that interest; nearly all the Australian wines, being of greater strength, had to pay 2s. 6d. per gallon duty for entering this country, whereas the light wines of France only paid 1s. per gallon. If Australian or Cape wine comes into competition with any British manufactures, such as beer, the duty ought not to exceed the excise which is paid at home. By giving this relief we should stimulate the growth in Australia and the Cape Colony, and give our colonists



every advantage in fostering an industry which will no doubt become a very important addition to their prosperity.

CANADA.

The paper which was read in this Institution last month gave the members a glowing description of the future prospects of our North American dominions.

The province of Manitoba and the neighbouring territory extends over 100,000,000 acres of the finest land in the world. This land is said to be more adapted for the growth of wheat than for any other purpose. Colonel Grant informed us that in order to make it available much railway work had to be done. Canada therefore stands at some disadvantage with the United States. In the first place, the cost of freight from Montreal is more than from New York; and in the second place, the cold is more severe, and shipments cannot be made during the winter months, when the St. Lawrence is frozen.

I took occasion in the discussion which followed the reading of Colonel Grant's paper to animadvert upon the support which the reader gave to the protective policy adopted by the Dominion, more particularly so since an attempt is evidently made to foster certain industries which probably would not succeed without protection as against the Mother-Country. The noble Duke who occupied the chair, explained, when I sat down, that it was impossible for Canada to protect these industries from competition on the part of the United States without likewise protecting them from ourselves. This explanation shows to me how very far we are from Federation with our Colonies. The true principles on which Federation should be based would be those on which the different parts of the United States are bound together—viz., that of the nearest possible approach to free trade amongst all the component parts. England, I fear, has missed the opportunity of complete free trade with her Colonies, but I see no reason why our steps should not be gradually retraced. Where tariffs have been established for revenue purposes, they cannot be at once done away with; the finances of the particular Colony would be disorganised by such an operation, but a gradual process of reduction and ultimate extinction should be adopted. Where, on the other hand, the tariff has been imposed for the purpose of building up special trades, certain circumstances should be taken into account before any alteration is made. The chief thing to consider would be: Has the industry, so protected in its infancy, a reasonable chance of success in its older age?

The disadvantages from which the food producer in Canada suffers in comparison with one in the United States are very small.

No greater difference could possibly be made than about 2s. per qr. in the cost of laying down wheat in England.

If any advantage be given to our other Colonies over foreign countries, Canada could not lay claim to so much as Australia and India. I imagine the general feeling of most Englishmen would be rather to give our colonists equal advantages with foreigners, than to punish foreigners for their sakes.

It is impossible to say what quantity of wheat British North America will be able to supply; the quantities named are almost fabulous.

#### COMMERCIAL TREATIES.

Having referred above to the nature of our commercial treaties as affecting Federation with our Colonies, I will now give a few particulars bearing on this point.

At the present time there exist about forty commercial treaties between Great Britain and various other nations, large and small.

I will give the terms of the treaty with Belgium, dated July 23, 1862. The clause regarding the Colonies runs as follows: "Art. XV. Articles, the produce or manufacture of Belgium, shall not be subject in the British Colonies to other or higher duties than those which are or may be imposed upon similar articles of British origin."

This treaty is still in existence, On the 6th August, 1866, the Legislatures of the Australian Colonies obtained power by a special Act of Parliament "to alter, revise, and amend their tariffs; and the same, when so altered and amended, shall be considered valid." Prior to this date all alterations, &c. had to be submitted to the approval of the Queen. It thus becomes a matter of great doubt whether since that Act the Australian Colonies have been in a position to depart from our treaty with Belgium or not. Moreover, by the favoured nation clause which exists in nearly all our treaties with foreign countries, there is very little doubt that every contracting power can claim the same rights as Belgium obtained by that treaty. If this be so it is impossible for the Colonies to grant to the Mother-Country any advantages that all other countries would not equally share in. But now I come to the most important treaty of all, viz., that made with the German Zollverein on May 30th, 1865, and which now exists in the same form with Germany and Austria-Hungary. The Colonial clause runs thus: "In those Colonies "and 'Possessions' (*of her Britannic Majesty*) the produce of the "States of the Zollverein shall not be subject to any higher or other "import duties than the produce of the United Kingdom of Great

“ Britain and Ireland, or of any other country of the like kind ; nor shall the exportation from those Colonies or Possessions to the Zollverein be subject to any higher or other duties than the exportation to the United Kingdom of Great Britain and Ireland.”

This not only binds our Colonies to give every facility to the Zollverein which they give to the Mother-Country, but also prevents the Mother-Country from making any commercially advantageous arrangement with her Colonies which she will not equally extend to Germany, and consequently to all other nations which have the most favoured nation clause.

In some treaties the word “ Colonies ” is alone used ; in others “ British Dominions,” in others “ Colonies and Foreign Possessions,” and in others “ British Territories.”

The fact is we have thrown away our powers in the most lavish manner in these commercial treaties, but most fortunately for us they have nearly all reached the date when, by giving twelve months' notice, we can terminate them. It is a most important matter for Parliament at once to investigate, and especially so since the French Government entirely ignores that any of the Colonies have the same interests as the United Kingdom.

#### CONCLUDING REMARKS.

I have endeavoured to point out to you, in the first place, by the example of the United States, what an important element Federation is in a nation's development ; and how it brings into play the resources of capitalists, and builds up within a country that exchange of productions which such a country as the United States, and such an Empire as Great Britain and her Colonies, may be said to possess in equal bounty. I have, in the second place, shown what articles of commerce our various Colonies seem to be most fitted to produce, and how, by encouraging the trade in those articles, we should encourage our own home trade at the same time. The extension of railways in a productive country I hold to be synonymous with the increase of its internal wealth, and without railways the finest lands in the world may lie utterly useless. The admission I have been compelled to make in each case where I have compared our Colonies with the United States, is that the cultivator of the soil cannot possibly obtain so high a price for his produce as the producer under equal conditions in the United States, from the one fact that ocean freight is cheaper from New York than from any of our own Possessions. The question therefore arises whether we can redress this disadvantage under which our Colonies labour, and put them on the same terms as other countries, such

as Russia, Prussia, the United States, and all other food-producing countries. A great objection is expressed by most of our politicians of both parties to a tax on food. I do not for one moment share in that objection under present circumstances. The world has applied itself to the production of food in such a wonderful manner during the last few years, that, if it had not been for disastrous harvests in Europe since 1878, there could have been no demand for such enormous quantities as have been sent forward. As it is, the price of wheat during the three years 1878-79-80 was only 44s. 11d. per qr., a price which is considerably below the cost of production in this country, after paying a moderate rent and the burdens incident to agriculture.

There is a law of commerce which has general application, that a failure in the supply of any article is made good to the producer to some extent by a corresponding advance in the price. But this has not held good, and the three years of our worst crops were years of greater cheapness than have been known in the present century, excepting two periods of the same duration, when the low price was caused by enormous crops at home. The question for Englishmen to consider is whether they have bound themselves to an opinion which is to regulate their future commercial conduct against all reason to the contrary. I have endeavoured to show that our Colonies have the means of supplying us with all the food we require, and that they are now competing with the United States and Russia for that supply, although they do so at a great disadvantage to themselves. I have shown that they are able to take from us the materials which are necessary for the almost unlimited extension of this supply. But can Englishmen expect that either of these results will follow unless our emigrants and settlers in those distant lands can make as good a living as they could by emigrating to the United States? We desire to benefit our own flesh and blood, and they desire in return to benefit us. They have proved their ability to produce food as cheaply as we could possibly wish to have it. Australia has sent us her mutton at 5d. per lb., India has sent us her wheat at 40s. per qr., Canada has sent us her beef at 6d. per lb. What more do we want? Is it good policy to make food any cheaper than this? Can our home supply be kept up in this country if we do, and if we reduce it further is there not a great political danger hanging over us? To come to plain speaking, I would propose that we invite all our Colonies to enter a Federal Union, on the understanding that a compensating duty is levied on the imports of wheat and meat from other countries, so that the Colonial exports may yield as good results to the growers

as those which come from Russia and America. I would allow them to charge import duties as against foreign countries, if they wish, in excess of those charged on our own manufactures ; but they must make a gradual reduction in their tariff as regards ourselves. I much doubt if we require any protection with them as against foreign countries, but the right ought to be reserved.

When Mr. Cobden negotiated the French Treaty in 1860, the French negotiators argued that free trade on equal terms was impossible, as England had some advantage in coal, &c., which the French could never have. It was maintained at the time, that even Mr. Cobden admitted that there was some reason in the objection. Is there not the same reason in the respective position of Great Britain and her Colonies in contrast with other sources of supply ? We are further apart, and the disadvantage can never be made good while our present policy prevails. There is another reason why a tax on these articles of human food would not be at all unreasonable as against foreign countries : the produce of our own land is taxed in various ways to the tune of something like 10 per cent. on its value. On our system of mixed farming this amounts to 4s. per qr. on a quarter of wheat worth 40s. ;  $\frac{3}{4}$ d. per lb. on meat worth  $7\frac{1}{4}$ d. per lb. Why should not other countries pay as much ? The only argument I ever heard against it was that the charges of transport were sufficient protection, but the charges of transport are not now the half of what they used to be from such ports as New York, Odessa, and St. Petersburg. Why should the food coming from these places not contribute to the revenue as much as our own ? We levy the same tax on foreign spirits as we charge by excise on those made at home. Why should we give the makers of gin an advantage over the manufacturers of food ? The argument might still have force against taxing our Colonies where the charges of transport still amount to moderate protection. Surely on such conditions our Colonies would be only too happy to enter and maintain with us a great Federal Union, with local government for all, but also with the way open to their public men to attain to distinction in the Mother-Country. My paper is devoted to the commercial considerations, and I will not, therefore, trench on the more political aspect of the question, but surely we have men of mark in the Colonies who would soon make known to us what the political desires of the Colonies really were. As regards ourselves, our interests in Europe would be much reduced. With our great Colonial Empire we could afford to watch the quarrels of European nations with comparative unconcern, and war should be made an impossibility, except where the vital interests of any part

of our great Empire were affected. The answer that I shall receive is, of course, the usual one: "The people of England will never allow a tax on food." If the people of England really wish to give their brethren abroad an inducement to enter a great Customs Union, it is the only way in which it can be done. The Colonies cannot be stimulated in any other way. We cannot put a tax on foreign cotton or wool, or, in fact, on any raw material used in manufacture, which is largely produced in foreign countries. Our success depends in great measure on our being able to produce manufactures at as low a price as possible, and any duty that we place on the raw material would be paid by the colonists themselves when they have to buy the manufactured article.

Wheat has for years been too cheap in this country. It is more a question of averting a further fall than causing any important rise. Even if the price rose 8s. per qr., it would not cost the working man with a wife and family more than 10s. per annum extra. Our import of wheat, with an average harvest, is 18,000,000 qrs. If we had to pay 8s. more on that, it would amount to about £2,000,000 to the country. The remission of the tax on tea would far more than make it good to the consumers. It always seems to me somewhat absurd to make a matter of such small importance into a question of principle. There is no parallel between the present time and 1846, when the sliding scale tended to prevent foreign countries from growing much wheat. We should stimulate growth in our Colonies more than we should stop it elsewhere.

PRICES OF ENGLISH WHEAT.

20 years from	1800 to 1819	.....	88s.	0d.	per qr.
30	„	1820 to 1849	.....	57s.	6d. „
25	„	1850 to 1874	.....	53s.	0d. „
7	„	1875 to 1881	.....	46s.	10d. „
4	„	1878 to 1881	.....	46s.	0d. „

The above table, to which I desire to call your special attention shows what a very important decline there has been in the value of wheat. No doubt in the early part of this century, when wages were little more than half what they are now, and the price of wheat nearly double, a rise or fall of a few shillings per quarter was of the greatest importance to the comfort of thousands of families; but now the tables are turned, and our home production, which is of greater moment to us than any other, is dwindling away, from the simple fact that it will not pay; and surely if we are to allow this state of things to continue we ought at least to

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