

Tamasese, who was vice-king, and who wished to be placed in Malietoa's position, claimed the land. A subject of the United States named Mr. Coe stated that he had bought the land from a Samoan called Puketoi, and he asked King Malietoa to aid him in obtaining possession. In consequence of the Samoans looking upon the possession of this land as of great importance, Malietoa stated that if the land was obtained by Mr. Coe he should give or sell it to him (the King). Mr. Coe promised that the land should be given to the King on payment of the money which the American gentleman had paid for it. King Malietoa being assured of this, it was arranged that the land should be declared to belong to Mr. Coe's vendor, and Tamasese's right to it was denied. The land was given over to the purchaser, and, in pursuance of the arrangement previously made, an interview was held between King Malietoa and Mr. Coe. At this interview, I am informed, Mr. Coe said that he was being troubled by Masu demanding the land, and that if the land was handed over to Mr. Weber, Masu would not trouble Mr. Weber, and Mr. Weber would sell the land to King Malietoa. The price was fixed at \$5,000, and Malietoa was told that if he paid \$2,500 at once, or in a short time, he could pay the balance afterwards, and the land should belong to him. King Malietoa consented on these terms that they should hand over the land to Mr. Weber, so as to get rid of Masu's importunities; and then a few days afterwards he called on Mr. Weber, and offered him, as had been arranged, \$2,500 as part payment. Mr. Weber declined to receive this money, and, although Malietoa held possession of the land, no arrangement was come to regarding it.

4. I now come to what took place on the 31st December last. The German Consul sent his despatches by the schooner "Vietala," to catch the mail-steamer early on that day, up to which time nothing had occurred calling for any special note. In the afternoon, however, and after the mail had left, the Germans took possession of this peninsula—Mulinuu—and, although the money was again offered—namely, \$5,000—it was declined, and the King and the natives had to remove from the land. The German sloop "Albatross" was in the harbour, and men from her came on shore and hoisted the German colours on the land. The British Consul's despatch, as well as the letter of the Samoan chiefs which I have enclosed, will show you what then occurred. King Malietoa, on the advice of the British and American Consuls, prevented bloodshed. He went and hoisted the Samoan flag on a piece of land that belonged to Seu Manutafa, one of the chiefs who has sent the letter to the Governor. Seu Manutafa had, however, mortgaged the land to an English subject named Mr. Johnson; so that, if the land was not Samoan territory, at all events it was British, and to it the Germans could not have had any shadow of a claim. The Germans, however, as you will see from the letter, pulled down the flag which had been hoisted on this piece of land. This insult the Samoans felt very keenly.

5. From an interview that I have held with the Samoan chiefs I gather that there is a unanimous desire on their part for union with Britain. I cannot express to you in writing what fear and terror they feel of German annexation. I have learnt from independent sources that the German Consul has done all he could to stir up the Samoan chiefs against the King and Government. I was informed by the Right Rev. Bishop Neville, Anglican Bishop of Dunedin, that at one of the islands which he visited in a small schooner he found no less than nine men, who stated they had been specially sent and paid by the German Consul to interview the chiefs of the island, to see if they would not join the German party and be against King Malietoa and the Government; and from other sources in Samoa which I believe to be reliable I have learnt that there has been carried on systematically an attempt by some of the German residents, if not by the Consul—the same policy of stirring up the chiefs against the King and his Government. I can hardly believe that this conduct is sanctioned or approved of by the German Government.

6. I now come to another phase of the question, on which, in view of any negotiations with the British Government, it is right that you should be informed, in order that you may give the fullest information to the Colonial Office. It is not necessary that I should go into the history of the Godeffroy Company. You are, no doubt, aware that the company failed. The reasons for the failure, I am informed by a gentleman who visited and spent many months in the islands, were that the company carried on its operations on an extravagant and expensive scale—indeed, that it was hopeless that the company could, with the trade of these islands, make any profit whatever. In its failure I assume that those who were creditors of the firm made some arrangement for carrying on its affairs. I have stated "I assume," but I have also been informed that that was the fact, and that Mr. Weber, who had been manager of Godeffroy's company, was appointed to manage the new business under other directors; and, from what I hear, unless the German company can maintain their claims to large land grants which they say belong to the company, the new arrangement will be just as unprofitable as the old one proved to be. I also learn from the same gentleman that many of the claims made by the company to lands are without a shadow of right, and that what happened in many instances in our own colony in the early days, before settled government, has happened in Samoa. People who have had no right or title to land have sold it or given it away. If, then, the Imperial Government should think it desirable to purchase out the German interests, great care will have to be exercised to ascertain their value. This, I believe, could only be done by some independent Commission meeting in Samoa, investigating the claims, and settling their value. I do not suggest that the company, or Mr. Weber, or the German Government would demand more than was believed by them to be the fair value of their interests in Samoa; but the fact that the company has failed, and the fact also that possibly creditors in Berlin think they ought to get their capital returned, might make them value their interests at an amount very unprofitable to any purchaser. If, then, the Imperial Government entertain the question of purchasing out the German rights, I think that they will have to be careful as to the amount. In my former letter I hinted that, if the rights were purchased, no doubt the New Zealand Government, if Samoa were left to them to manage, might make such arrangements as would allow the New Zealand Government to be responsible for interest and sinking fund of the amount of the purchase-money. I have no doubt that our Parliament would sanction such an arrangement.