

I enclose herewith copy and report of proceedings in Canada. The fourth paragraph—in which I entirely agree—is as follows:—

“The report of the discussion in the Senate, and the telegrams which have passed between the Commonwealth and the Dominion, furnish painful reading, not only to every member of the League, but to hundreds of thousands who are not members. The matter in dispute affects the revenue derivable from the Pacific cable, but that is not the only consideration, important as it is. The financial question is trifling compared with the irritation and divergence of mind of the Governments of the people who have entered into partnership. The question is far wider than the losses or profits of a commercial enterprise. It is a matter which concerns the good faith and honour of closely related States; and the difficulty, if not removed by the influence of wise and generous counsels, may seriously affect the prospects of the British people and the future of the Empire as a whole. It may indeed be regarded as the beginning of a family quarrel, the outcome of which no one can foretell.”

I regret exceedingly that a misunderstanding should have arisen. I cannot believe that when New South Wales made the initial mistake, Mr. Crick, the Postmaster-General of the day, realised the full effect of what he was doing. The confidence of the other contracting parties was then shaken, but I think it is not yet too late to restore it. If, however, the Federal Parliament ratifies the proposed agreement the position will be made worse, and I sincerely hope that instead of doing so it will prefer to let matters remain as they are.

I have, &c.,

R. J. SEDDON.

The Right Honourable Sir Edmund Barton, P.C., G.C.M.G., Prime Minister of the Commonwealth, Melbourne.

Enclosure in No. 2.

BRITISH EMPIRE LEAGUE IN CANADA.

At the annual meeting of the League held in Ottawa, 19th May, 1903, Sir Sandford Fleming delivered the address and moved the resolution which follow:—

If the primary object of the British Empire League be to secure the permanent unity of the Empire—if it be desirable that this association should do everything possible to remove every hindrance to the most friendly feelings among the several units—if it be the aim of the Canadian Branch to promote close intercourse between the Dominion and the other British communities around the globe—the few brief words I propose to submit will not, I am convinced, be regarded as out of place.

The objects of this League received a great impulse when three Australian States, along with New Zealand, entered into an arrangement with Canada and the Mother-country to establish the Pacific cable. This union of interests was the first instance of organized co-operation between so many Governments under the same flag. It was an act of partnership between six Governments representing great British possessions in the two hemispheres—a partnership which was everywhere regarded as full of promise. But unfortunately a grave misunderstanding has arisen, which unless speedily nipped in the bud may imperil the good relations of the partners.

The misunderstanding was alluded to by the Honourable the Secretary of State, Mr. Scott, in the Senate on the 27th April, and an animated discussion is recorded in *Hansard* of that date. The unfortunate difficulty is further mentioned in papers laid before the Canadian Commons on the 14th instant by the Prime Minister. These papers are on the subject of concessions granted by Australia to the Eastern Extension Company.

The reports of the discussion in the Senate and the telegrams which have passed between the Commonwealth and the Dominion furnish painful reading not only to every member of the League, but to hundreds of thousands who are not members. The matter in dispute affects the revenue derivable from the Pacific cable; but that is not the only consideration, important as it is. The financial question is trifling compared with the irritation and divergence of mind of the Governments of the people who have entered into partnership. The question is far wider than the losses or profits of a commercial enterprise. It is a matter which concerns the good faith and honour of closely related States, and the difficulty, if not removed by the influence of wise and generous counsels, may seriously affect the prospects of the British people and the future of the Empire as a whole. It may indeed be regarded as the beginning of a family quarrel the outcome of which no one can foretell.

Much as the misunderstanding is to be deplored, it is the cause of rejoicing to the old enemy of the Pacific cable, if one may judge from Press reports of the attitude of the chief officials of the Eastern Extension Company at their annual meeting recently held in London. As the result of long plotting, that company have at length achieved a double victory. They have not only succeeded in taking from the Pacific cable its fair share of telegraph earnings, but they have managed by their machinations to get the owners of that undertaking at loggerheads. I do not