

agreement for a number of years, he quite agreed that the chances for the establishment of a company to lay a Pacific cable would be greatly reduced; but when it was known to any companies or syndicates that the agreement could be terminated at the end of any year by giving two months' notice, they must see that the Eastern Extension Company had not any monopoly except for a few months. So, he thought, if the colonies entered into the agreement as now proposed it would not in any way be injuring or delaying the chances of communication across the Pacific. Indeed, he did not know but that it might be a spur to some other company—when they knew that the Eastern Extension Company had shown itself opposed to reducing the rates to a reasonable figure without a guarantee from the colonies—to make terms. Under the circumstances, he believed it would be well to secure the four-shilling tariff, even though it were by paying a somewhat high guarantee in the meantime, for they would still be open to enter into any contract with another company at short notice. By adopting the agreement the interests of the colonies would be served, and he confidently left the matter in the hands of the Conference.

The Hon. J. Gavan Duffy had again to express his regret that the two great Colonies of Queensland and New Zealand had not seen their way to join them in this matter. He was sorry it was so. The colonies were thinking of federating all their interests, of becoming one great Dominion; but when he found great colonies like these two hesitating—on principle, as they averred, and he believed they believed—hesitating about making a small sacrifice in a small matter like that, it made him pause and think whether the whole profession and sentiment of federation were not a sickly sham instead of a reality. Of course, they understood their own interests better than others could teach them. He did not want to interfere with what they considered their duty; but he thought, in pursuing this subject of a Pacific cable, they were pursuing a will-o'-the-wisp, losing the substance in seeking to grasp the shadow. Instead of their interests towards the other colonies being conserved on this occasion, he believed they had by their attitude lost, and would lose in the future, a good deal of that generous consideration which others would be prepared to extend to them. He had hoped they would, to show their sentiment of federation, make a small sacrifice. However, in the exercise of their undoubted right these two colonies had, in the most friendly and amicable manner, not seen their way to view the matter eye to eye with the others, and it therefore behoved the others to consider what they would do under the circumstances. Mr. Bird had expressed his views at some length; and it seemed to him (the speaker) that in these agreements all the colonies that came in had something to gain, except New South Wales and Victoria. Tasmania insisted, and rightly, that the subsidy on their cable should be pooled along with the subsidies on the other lines. South Australia insisted, rightly and properly, that it should be guaranteed against a certain amount of loss in connection with the great expense it was put to in placing a telegraph-line across the continent. They were prepared to concede those demands. The two great Colonies of Victoria and New South Wales had no little matters of that sort to gain at all, but went in boldly in the public interest, prepared to risk the loss of a certain amount of revenue in order to advance the public good. In doing so those two colonies were showing perhaps more public enterprise, if he might say it, than some of their neighbouring colonies. Now, Mr. Bird threw out a suggestion that a different arrangement might be entered into with the Eastern Extension Company, instead of the company taking half the guarantee, and the Governments the other half, that the rates be fixed at 6s. instead of 4s., and the company be content to bear the whole of the loss, if any. At the present juncture he did not think it would be wise to adopt that suggestion; but, if during the ensuing year the arrangement now proposed were found not to answer, then it might be considered whether some such modification would answer. The public had now become so educated up to expect a four-shilling tariff, that if they received only a six-shilling one they would be almost as much disappointed as if it had remained at the present 9s. 4d. a word. If his ideas were correct probably they would not gain anything by that. He believed the colonies would not be required to find the 2s. difference after the first year; probably not in it, certainly not after it. That being so, he thought for an experiment it would be wiser to adhere to the present proposal. Now, two colonies standing out, he fancied it would be necessary they should proceed to consider the memorandum *seriatim*; it would be advisable to appoint a sub-committee of the Ministers of the various colonies who were contracting parties to the agreement, because the other gentlemen would not wish to be present in a foreign position. He moved, "That the agreement be considered by a sub-committee, consisting of the President, Sir John Bray, the Hon. B. S. Bird, and himself as mover."

Sir John Bray said, when he moved the resolution, he did hope it would be a way out of the difficulty. Seeing that it seemed to be hopeless to expect Queensland and New Zealand to agree at present he would record his vote in favour of the motion proposed by Mr. Duffy. After going carefully into the matter he felt satisfied that as an effect of the reduction of rates from 8s. or 9s. to 4s. a word the business would so increase that the proposed guarantee would be almost a nominal one. He believed people would at once make a very much increased use of the cable if they could do so at anything like a cheap rate. They must give their friends of New Zealand and Queensland credit for doing their best in the interests of their respective colonies, notwithstanding they had not justified the hope they would join. If those colonies had submitted any alternative scheme he was sure all the others would have given it every possible consideration. But it seemed they were doing the only possible thing that could be done at present. If at the end of the first or second year they found that their expectations had not been fulfilled and the business increased, then they could reconsider the matter. He also agreed that nothing should be done to deter the Australian Colonies from entering into another contract for the laying of any other cable if deemed advisable. He trusted that the five colonies out of the seven would be able to come to such an agreement as would enable the Governments, the Press, and the public to realise the advantages of cheap cable communication with England. He would still cling to the hope that ere the contract was actually entered into the Colonies of Queensland and New Zealand would see their way to assist the other