

The Colonial Defence Committee purposely refrain from marking this memorandum as "Confidential." Major-General Edwards's reports have been made public and widely discussed. They consider that their remarks, which refer to large questions of principle rather than to details of defence, should receive equal publicity.

16th May, 1890.

G. S. CLARKE,
Secretary, Colonial Defence Committee.

N.B.—Those parts of the memorandum which relate exclusively to other colonies are not published.

No. 17.

(New Zealand—General.)

MY LORD,—

Downing Street, 30th June, 1890.

A.—1, 1891, No. 39

With reference to your Lordship's Despatch No. 5, of the 15th January, I have the honour to acquaint your Lordship that the desire of your Government to be excluded from the operation of the treaty of commerce with Mexico has been duly communicated to Her Majesty's representative in Mexico, with instructions to give formal notice to the Mexican Government.

I have, &c.,
KNUTSFORD.

Governor the Right Hon. the Earl of Onslow, G.C.M.G., &c.

No. 18.

(New Zealand, No. 33.)

MY LORD,—

Downing Street, 9th July, 1890.

I have the honour to transmit to you for the information of your Government a copy of a letter from the Treasury setting forth the grounds upon which Her Majesty's Government are unable to join in the proposed guarantee to the cable companies in connection with the reduction in the telegraphic rates between Australia and England.

I have, &c.,
KNUTSFORD.

Governor the Right Hon. the Earl of Onslow, G.C.M.G., &c.

Enclosure.

The TREASURY to the COLONIAL OFFICE.

SIR,—

Treasury Chambers, 5th July, 1890.

I am directed by the Lords Commissioners of Her Majesty's Treasury to request that you will inform the Secretary of State that since the date of the meeting between His Lordship (with the Financial Secretary to the Treasury) and the Agents-General for the Australian Colonies, the Chancellor of the Exchequer has had further personal communications with the Agents-General, and has received through the Financial Secretary additional explanation from them with regard to the proposal that the Imperial Government should join with the Australian Colonies in the payment of the subsidies now and for some years past paid to the Eastern Extension Telegraph Company in respect of the Australian cables, and also in sharing with them the guarantee to the company of half the loss of revenue that may accrue from the proposed reduction of the cable rates between Australia and the United Kingdom.

The Agents-General have very fully explained and have ably supported the views of their Governments in making the proposal, and my Lords are far from wishing to seem to controvert or to doubt the sufficiency of the arguments which have governed the action of the Australian Colonies in granting a subsidy in the past to the company in respect to the duplication of its Java-Australian cable, and in now proposing to guarantee the company against a certain proportion of the loss under the contemplated reduction of rates. On the contrary, they both fully sympathize with the object of the subsidy, and they recognise in the highest degree the nature and extent of the sacrifices which the Australian Colonies are prepared to make in the future with a view to developing and facilitating telegraphic communication.

The readiness, too, with which those colonies have accepted, at the risk of considerable loss of revenue, and with some disturbance of their postal system, the proposal of the Chancellor of the Exchequer for a reduction of the postal rates, affords an additional reason, if any were required, for the most favourable consideration of any proposal emanating from them in cognate matters.

My Lords have, however, felt very strongly that there are considerations less applicable to the Australian Governments which must be allowed a preponderating influence in determining the decision of the Imperial Government on any question of subsidies to a telegraph cable company. Up to the present time the action of Her Majesty's Government in affording assistance to schemes for the establishment of telegraphic communication with Her Majesty's possessions has been limited to the grant of such subsidies as would secure the laying and maintenance of submarine cables, which except for such assistance would not have been laid or maintained, to foreign and colonial dependencies where telegraphic communication has been deemed essential for political or strategical reasons, and the aid given has been strictly limited to a fixed amount and to a limited term of years.