

No 22.

The SECRETARY, General Post Office, Wellington, to the MANAGER in AUSTRALASIA,
Eastern Extension Company

SIR,—

General Post Office, Wellington, 15th July, 1895.

I have the honour to acknowledge the receipt of your letter of the 21st ultimo, and to thank you for the three copies of the Amended Message Receipts Guarantee Agreement between the Governments of this and certain Australian Colonies and your company recently completed in London.

The alterations made in the agreement referred to by you have been duly noted.

I have, &c.,

W GRAY, Secretary

W Warren, Esq., Manager in Australasia, the Eastern Extension Australasia
and China Telegraph Company (Limited), Melbourne.

PROPOSED PACIFIC CABLE.

No. 23.

[The following papers were received after the issue of F.—5, 1894, as sub-enclosures to a copy of Enclosure 2 in No. 4 there printed.]

I.

Victoria Chambers, 17, Victoria Street, London, S.W.,

MY DEAR MR. FLEMING,—

13th March, 1894.

I duly received your letter of the 23rd ultimo [Enclosure 2 above named] with reference to the question of a contribution by the Imperial Government to the cost of the cable from Canada to Australia, but I am afraid the conclusion that your proposal did not involve any contribution from the Imperial Government will be established by reference to the documents which were submitted by you both to the Australasian Governments and the Colonial Minister here.

In your address to the Chamber of Commerce of Melbourne you said, "The proposal then is that Australia, New Zealand, Fiji, and Canada should be joint owners of the Pacific cable," and in another place that "the intention is that it—that is, the liability for interest—should be borne in equitable proportions by all, including New Zealand, Queensland, Fiji, and Canada."

You will also remember that I took great exception to the statement contained in your memorandum, dated London, 6th January, 1894, handed to Lord Ripon, wherein it was said that "the memorandum submitted by Mr. Bowell to the Australian Governments clearly points out that the colonies and Canada can establish a British cable without drawing on the Imperial Exchequer."

I think it unfortunate that these statements should have been put upon record, as I am sure we both agree that the great Imperial interests involved in this undertaking fully warrant that the expenses should be shared by Her Majesty's Government; and, while I concur with you in thinking that it was not wise to look to the Imperial Government to undertake the initiative in this important matter, I have always felt confident that, whenever Canada and Australasia agreed to contribute two-thirds of the expenditure required, Her Majesty's Government would be unable to withhold the additional one-third necessary to accomplish a work so important to the defences of the Empire.

I notice your statement as to an Imperial guarantee, but in your address to the Chamber of Commerce of Melbourne you said, "This total capital raised on the joint guarantee of the Australian Colonies, New Zealand, and Canada could be placed at the low rate of 3 per cent., making a total charge of £52,350 per annum," which statement did not seem to contemplate obtaining a guarantee from the Imperial Government. And if indeed that guarantee can be obtained it would be a very insignificant contribution, not only compared with the interests that the Imperial Government have in the matter, but also regarded from the effect it would have in lessening the charge to the colonies.

There is no doubt that the Imperial guarantee, for the intercolonial railway greatly lessened the cost to Canada without imposing any charge whatever on Her Majesty's Government, but it must not be forgotten that the rate at which Canada could then raise money without an Imperial guarantee was very different from the favour we now enjoy with our credit raised to its present high point.

I merely refer to these matters in order to show you the present position in which the question stands, but I do not hesitate to say that, in my judgment, Canada and Australasia should demand in the strongest manner from the Imperial Government a contribution of at least one-third of the capital or interest that may be required.

The conclusion recently arrived at by the Intercolonial Conference in New Zealand, to provide for this undertaking by a guarantee of the interest for a certain term of years, seems to me to be a very practicable one, and I entertain but little doubt that Her Majesty's Government can be induced by Canada and Australia to contribute materially to that guarantee.

I am very glad to find that the Conference has been definitely arranged to be held at Ottawa on the 21st June next, and I have every reason to believe from my communications with Sir Thomas MacIlwraith and the Hon. Robert Reid, who are here, that very important results, both commercial and in connection with steamship and cable communication, will spring from that meeting.

I have much pleasure in sending you a copy of an article in *The Times*, which I have already sent to the Minister of Trade and Commerce, and which I will not say is flattering to you, but which certainly gives a due meed of praise to your efforts in regard to this question which you have to a large extent for some years made your own—that of a cable from Canada to Australia.

I remain, &c.,

CHARLES TUPPER.

Sandford Fleming, Esq., C.M.G.