

We are prepared to recommend to our Governments the acceptance of the terms stated in the memorandum of agreement, but we cannot undertake to say that the arrangement would be adopted if any material alteration were made in it.

We have, of course, treated our negotiations with you on this subject as strictly confidential. It is not, however, necessary, so far as we are concerned, to attach any character of secrecy to the proposals. We have been at great pains to make these proposals as moderate and as acceptable to you as possible, and we do not ourselves see any objection to public criticism upon them being invited. You are quite at liberty to make any use which you may think proper of this letter. We have only to express, in conclusion, our appreciation of the great courtesy and kindness which we have received personally at the hands of yourself and your colleagues.

We remain, &c.,

SANDFORD FLEMING.

W. HEPWORTH MERCER.

VII.—THE PACIFIC CABLE.—ADDITIONAL REPORT ON TENDERS.

SIR,—

Ottawa, 11th December, 1894.

I have the honour to report on the letter addressed to you by the India Rubber, Gutta Percha, and Telegraph Works Company, of date the 22nd November, 1894, on the subject of the tender of that firm for manufacturing, laying, and maintaining the Pacific cable.

In my report on the tenders of date 20th November, 1894, I mentioned in the last paragraph that in my opinion it was expedient to make provision for protecting the core of the cable, under certain conditions, from the ravages of marine life. The letter of the above-named company which you have referred to me gives the assurance that all types of cable proposed to be laid by that firm will be provided with proper protection—that, in fact, all cables laid in less than 100 fathoms are to have the core sheathed with metallic taping as a protection against the teredo. This assurance removes the objection which I raised.

In my report of the 20th November all the tenders referred to were for the supply of cables having a speed capacity of twelve words per minute. For route No. 1, the price of the India Rubber, Gutta Percha, and Telegraph Works Company is, including maintenance for three years, £1,517,000. In the letter of this company of the 22nd November it is stated that higher-speed cables will be furnished for this route at the following prices, viz. A fifteen-word-per-minute cable for £1,672,000, an eighteen-word-per-minute cable for £1,880,000.

Compared with estimates previously made, these prices must be held to be moderate. My own estimate for a cable on this route (No. 1), as given in your report on the mission to Australia, is £1,978,000, and the estimate furnished the Colonial Office, London, by the General Post Office authorities (see appendix to the same report), is £2,924,000. Neither of these estimates includes maintenance for three years, moreover, the estimate from the General Post Office does not include a connection with the main land of Australia, which would probably be estimated at £200,000 additional.

We thus have in the tender of the India Rubber, Gutta Percha, and Telegraph Works Company a definite offer to lay and maintain for three years a cable from Vancouver to Australia and New Zealand, with a speed capacity 50 per cent. higher than the cable referred to by the General Post Office authorities, and for a sum £1,244,000 less than their estimate, without any allowance for maintenance.

I have, &c.,

SANDFORD FLEMING.

Hon. Mackenzie Bowell, Minister of Trade and Commerce.

VIII.—THE PACIFIC CABLE MEMORANDUM RESPECTING ITS ESTABLISHMENT.

Ottawa, 1st December, 1894.

THE information obtained since the meeting of the Colonial Conference in July last is of a character to call for special notice.

The Conference, by the fifth resolution relating to the Pacific cable, requested the Canadian Government to take the necessary steps to urge forward the undertaking in accordance with the views expressed by the delegates and the resolutions passed by them.

On the 10th September a special Commission was appointed by the Canadian Government to proceed to Honolulu to enter into negotiations with the Hawaiian Government for the possession of a neutral landing-ground for the cable should it be deemed expedient or desirable to touch at Honolulu or at some other island in the Hawaiian group. The object was to obtain a choice of routes. While it was the decided feeling of the Conference that the cable should only touch islands on the route in the possession of Great Britain, there were technical as well as commercial reasons for obtaining the use of an island within the Hawaiian Archipelago.

The report on the mission submitted for the information of His Excellency the Governor-General, 15th November, points out that, while there is a fair prospect of obtaining the use of an island on conditions generally acceptable, the result of the mission remains undetermined, as it awaits the action of the United States Government, owing to a treaty engagement between the two countries. Consequently, as the matter at present stands there is no alternative line which can be chosen. The route known as No. 1, touching at Fanning Island, is the only route open for adoption. The question of carrying the cable by way of Honolulu, or some one of the Hawaiian Islands, rests with the Hawaiian Government and the Government of the United States. As soon as the Hawaiian Government feels at liberty to enter into an agreement, such as that suggested during the recent mission, which would secure to them the advantages of telegraphic connection with the markets of the world, it will probably be heard from. Any offer it may make can be considered on its merits before contracts for laying the cable be entered into.