by the same principle of co-operation in the case of the Pacific cable undertaking, to which so much importance has been attached as a means of bringing in closer affinity the distant portions of the Empire with the Mother-country, it can be successfully effected without in any way taxing the people of Great Britain, of Canada, or the Australasian Colonies.

Assuming that the principle of co-operation and State ownership be assented to, the capital may be raised by one of three modes, viz. (1. The whole amount may be raised by the Canadian, Australian, and New Zealand Governments, and the interests in each case guaranteed by the Imperial Government, the relative liability to be borne by the Imperial, Canadian, and Australasian Governments, to be apportioned by mutual agreement. (2.) The whole capital may be raised by the Imperial Government, the payment of a sum equal to the interest on such portion of the capital as may be agreed upon to be guaranteed by Canada and the Australasian Colonies, in proportions to be determined. (3.) The capital may be raised on securities issued through the medium of an Imperial Colonial Cable Commission, a joint guarantee for the payment of interest to be given by the Imperial, the Canadian, and the Australasian Governments.

It is obvious that by either of these modes the whole of the capital may be obtained at the very lowest rate of interest. The interest would be a first charge against revenue, which it can be shown will be ample for all purposes, but, as it is expedient to provide for every contingency, provision should be made for a deficit. The proportions in which any such possible deficit would be made up by each respective Government would be a matter to be determined by agreement.

As several distinct Governments will be concerned in the project, it may be advisable, in order to meet the difficulty of joint ownership, to create an organization in which the administration would be centralised, an Imperial Colonial Cable Commission or Trust, established by authority of the several Parliaments. It might consist of three persons, representing the Imperial, the Canadian, and the Australasian Governments respectively, with authority determined by statutes to obtain capital and to assume responsibility for establishing the work and carrying it on when completed.

Among the tenders received is an offer from an old-established and reliable firm to lay the cable on route No. 1, the all-British route by Fanning Island, for the sum of £1,517,000. This price includes maintenance and repairs for three years after the whole line shall have been completed and put in operation, consequently there would be no disbursements for these services during this period to be met by the earnings of the telegraph. The cost of working, and interest on capital, would be the only charges against revenue during the first three years after the cable shall have been laid. The cost of working has been estimated by Mr Alex. Siemens at £24,000 for the operating staff and office-expenses at each station. If we add to this 25 per cent. for management, the whole cost of operating would be less than £30,000 per annum.

The interest-charges on the capital expended will depend upon the value the securities may obtain in the money-market. These securities, bearing the guarantee of the Imperial, Canadian, and Australasian Governments, would certainly be rated in no way inferior to consols. Admitting this view, the rate of interest may be estimated at $2\frac{1}{2}$ per cent.

Should the most costly of the several routes which have been spoken of be adopted—that is to say, the route by Fanning Island, with branches to New Zealand as well as Australia—I am unable to see, with this tender before us, offering to complete it in every respect for £1,517,000, that the capital to be raised need exceed £1,600,000. This capital raised at $2\frac{1}{2}$ per cent. gives £40,000 as the total interest to be met yearly As it is advisable in forming an estimate of this kind to make full and complete provision for unforeseen contingencies of whatever kind, 10 or 12 per cent. may be added. In this view £45,000 may be considered the maximum interest-charge, to which, if we add £30,000 for working-expenses, we have the sum of £75,000 as the total fixed charges to be met by revenue in each of the three years after the cable shall have been opened for business.

Revenue.

The next question which demands an answer is, What constitutes a fair estimate of revenue?

The subject of revenue has been diligently considered in all its bearings, and I have endeavoured to arrive at fair and reasonable estimates, these estimates have been based on carefully collated information respecting the existing telegraph business, which has been steadily and rapidly growing for nearly twenty years. I have submitted the views formed to men of experienced judgment in such matters, and of perfectly unbiased minds. It is with confidence, therefore, that I refer to these estimates, supported as they are by the opinions of gentlemen in high official stations, whose sense of responsibility necessitates the utmost care and caution in arriving at conclusions. Along with my own views on the subject of revenue, I have much satisfaction in appending letters referring thereto from the following gentlemen (1) Mr Geo. Johnson, Statistician to the Dominion Government, Ottawa, (2) Mr. J M. Courtney, Deputy Finance Minister, Ottawa (3) Mr. W Hepworth Mercer, Colonial Office, London.

The Dominion Statistician, after an examination of the official returns, gives precise information respecting the volume of telegraph business between Australasia and Europe, he likewise presents evidence of its rapid growth, of which the following is an indication:—

1875, total words transmitted	235,160
1875 to 1880, increase in words transmitted ..	118,188
1880 to 1885 " "	184,007
1885 to 1890 " "	289,923
1890 to 1893 " "	574,015
1893, total number of words transmitted	1,401,293

This officer confirms my statements as to the volume of business, and more than bears out my estimate of the share of traffic which must become tributary to the Pacific cable. It will be seen from the letters of the other gentlemen that, after a careful examination of the *data*, they fully substantiate, as far as it is possible to do so, the estimates of probable revenue.