

result of a reduction in the rates would be an increase in messages, as the table above given shows. I have not dealt with the development of business between North America and Australia, which must in the nature of things be very great when facilities are provided, and will also be tributary to the Pacific cable.

Yours, &c.,

GEORGE JOHNSON, Statistician.

Sandford Fleming, Esq., C.M.G., C.E., Ottawa, Ontario.

5.—LETTER from J. M. COURTNEY, Esq., Deputy Minister of Finance.

DEAR MR. FLEMING,—

Department of Finance, Ottawa, 1st December, 1894.

I have read over very carefully and, I may say, with a great deal of pleasure the blue-books and documents you left with me for perusal in connection with the scheme for laying a Pacific cable to connect this country and Australasia. Both from the fact that it is the pioneer Pacific cable scheme and also from the magnitude of the work itself, the consideration of the subject is to me exceedingly interesting, especially as it has such an intimate bearing on the expansion of the Empire.

In writing to you now, however, I wish to be very careful and to guard the position I take from misconception. I can, of course, have nothing to do with the policy of the Canadian Government, and in the present financial condition of the Continent I could not, if the matter were referred to me, on general principles, recommend any scheme that would increase the liabilities of the Dominion either directly or indirectly. From the examination of the facts and figures, however, submitted by you, I may say I have arrived at the same conclusion as yourself as to the cost of laying down the cable, and, in my judgment, the conclusion arrived at cannot be regarded as over-sanguine or forced in any way.

As to the calculations of revenue, I have, of course, taken your own method, and have divided by two the number of words sent in 1892, taking one-half to come over the new cable. But, as it appears from the documents submitted, the cable could not be in operation for three years yet, or until 1898, even if commenced at once, and, taking the average annual increase in the messages at 15 per cent., the estimate of the work to be done is, to my mind, very low. It would follow, therefore, judging by the expenditure and by the revenue that, as far as I can see, with the limited knowledge at my disposal in the matter, and under the conditions named, the cable line could be laid down and a revenue derived which would meet all the charges.

Of course, in all this it must be understood that I am looking at the financial features of the scheme from the documents before me, and that I have no personal or direct knowledge of the laying or working of cable lines. I do not know that a separate line may not be necessary, or that other contingences may not arise which I have no means of anticipating or foreseeing.

I have, &c.,

J. M. COURTNEY

Sandford Fleming, Esq., Ottawa.

6.—LETTER from W. HEPWORTH MERCER, Esq., Colonial Office, London.

DEAR MR. SANDFORD FLEMING,—

Rideau Club, Ottawa, 11th October, 1894.

Before leaving Ottawa I desire to congratulate you on the evidence which is now in the possession of the Canadian Government that your views as to the cost of laying the proposed Pacific cable were moderate and reasonable. It must be a matter of great gratification to you to find after so many years of controversy and opposition that your estimates are more than borne out by the practical offers now received.

With regard to the question of the prospective revenue of the cable, I have carefully examined the *data* and studied the principles upon which you have formulated the estimates contained in your memorandum dated Sydney, 11th October, 1893, and your letter to Mr. Bowell of 20th July, 1894, and I have satisfied myself that your conclusions are thoroughly sound. Assuming that the cable is to be a Government enterprise, participated in by Great Britain, Canada, and Australasia, I think that the estimates of revenue would at least be fully borne out by actual results.

It seems to me that there is now an excellent case for presentation to the various parties interested, and the Australasian Colonies in particular will no doubt look forward to the accomplishment of an enterprise which will, we may fairly hope, give them an unprecedentedly low telegraphic tariff in return for a smaller expenditure than they have been paying for a comparatively high one.

I hope, speaking for myself, that in a matter of such wide concern, and involving, besides the direct commercial benefits, results the importance of which cannot be estimated in figures or weighed in a balance-sheet, the Australasian, the Dominion, and the Imperial Governments will all be able to join in the project.

I am, &c.,

W. HEPWORTH MERCER.

X.—THE PACIFIC CABLE LETTERS SUGGESTING THE STEPS WHICH MAY NOW BE TAKEN

SIR,—

Ottawa, 5th January, 1895.

I beg leave to add a few words to the remarks submitted in my letter of the 28th December and my memorandum of the 1st December on the establishment of the Pacific cable.

As a direct result of the Colonial Conference held in Ottawa last summer, and the promptitude of the Canadian Government in giving effect to the resolutions passed, the following points are indisputably established (1) The practicability of the undertaking is confirmed, (2) the working of the cable is guaranteed, (3) the estimates of cost are verified, (4) the estimates of revenue are substantiated, (5) the work can be carried out without cost to the taxpayer if the principle of State ownership be adopted.