

applying to it the 16·8 per cent. increase, the estimate for 1895 would be 695,000 words, or 31,860 less than your estimate. For 1896 it would be 811,760 words, or 4,362 less. In 1897 it would be 948,000 words, or 42,000 more than your estimate. My calculation would give fewer words for 1895 and 1896 and more words for 1897, and still more in succeeding years. I have taken the percentage of the period when the tariff was 9s. 4d. per word. If the percentage under a 4s. tariff were taken the growth would be much greater, and undoubtedly the 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.

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

Yours, &c.,

GEORGE JOHNSON, Statistician.

(e.) 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 the greatest 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 oversanguine 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 contingencies may not arise which I have no means of anticipating or foreseeing.

Sandford Fleming, Esq., Ottawa.

Yours, &c.,

J. M. COURTNEY.

(f.) Letter from W. Hepworth Mercer, Esq., Colonial Office, London.

DEAR MR. SANFORD 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 the 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 be all able to join in the project.

I am, &c.,

W. HEPWORTH MERCER.

STATEMENT No. 2 (REFERRED TO IN THE REPORT OF MR. FLEMING TO THE MINISTER OF TRADE AND COMMERCE, 30TH JANUARY, 1897).

NOTE ON THE PACIFIC CABLE.

London, 16th December, 1896.

On the 12th November last I submitted my views on the subject of the Pacific cable. They were mainly comprised in a statement which I had prepared for the information of the Committee in July last. I feel it my duty now to submit some explanation which appears to be called for.

In the evidence received by the Committee since the 12th ultimo there is a general unanimity of opinion on the following points:—First: That the Fanning Island route cannot be widely departed from. It is true that Admiral Wharton mentioned Palmyra Island as a possible mid-ocean station in place of Fanning Island, but the two islands are relatively not far apart. As no special knowledge exists as to the suitability of Palmyra for cable purposes, and nothing could be gained in respect to distance from Vancouver, for the present at least it may be considered that the route to be followed by the cable is that already known as the Fanning Island route. Second: That the laying of a cable between Canada and the Australasian Colonies on the general route referred to is perfectly practicable from a technical point of view. Third: That there is a general agreement on the question of a survey, the gentlemen examined having generally expressed the opinion that a series of soundings is necessary. It is conceded, however, by every one that all soundings required can easily be made during the period occupied in manufacturing the cable.

With respect to the ownership of the cable, whether it should be owned and worked under Government or by a subsidised company, there does not appear to be any great difference of opinion. Some of the witnesses spoke strongly in favour of Government ownership. It is true that gentlemen who appeared on behalf of the Eastern Extension Telegraph Company objected very decidedly to any cable across the Pacific, whether owned or worked by Government or by a subsidised company. They took the ground that it would be unfair to the Eastern Extension Company to establish a competing line without compensation to that company for loss of business and loss of profit. Several questions were asked me on this point, to which I deferred giving replies. I felt that whatever claims the present company might have on the Imperial Government and the Australian Colonies which had not already been met, that company could have no possible claim on Canada, as the Dominion is not, and never has been, under the slightest obligation to the Eastern Extension Telegraph Company. It may indeed be held that the company has always assumed an attitude of hostility to the aspirations of Canada in respect to the proposed cable, and has for years strenuously opposed all efforts to advance her own and Imperial interests on the Pacific in connection with the union of Australasia and British North America telegraphically. Be that as it may, I can only repeat the view I have often expressed, that if the exigencies of the Empire as a whole demand the establishment of a national work which will interfere with the operations of this private company, every reasonable consideration should be extended to that company by those upon whom it has just claims. But it cannot be supposed that the public interests must be entirely set aside in order that the company may for ever continue to receive large dividends. I will again refer