

terms, yes. Q. 5. That would depend on facilities given.—(21.) From Sir Edwyn Dawes, 23, Great Winchester Street: Q. 4. Yes, if rapidity and accuracy in transmission are insured. Q. 5. Yes, in course of time, owing to the national interest in the movement, if charges and facilities are equal. Q. 7. Undoubtedly, if a moderate tariff is fixed.—(22.) From Gray, Dawes, and Co., 23, Great Winchester Street: Q. 4. Yes, with rapidity and accuracy secured on account of the lines traversing British territory only. Q. 5. This would depend on the speed and accuracy with which the business was carried through. Q. 7. Yes.—(23.) From Mollwraith, McEachran, and Co., 3 and 4, Lime Street Square, E.C.: Q. 4. We think a Pacific cable would absorb the largest proportion of the business. Q. 5. We should say a higher figure than 50 per cent. Q. 7. We consider that a Pacific cable would be of immense advantage in developing the trade of Australasia.—(24.) From Joseph Gould, Christchurch, New Zealand: Qs. 4, 5, and 6. Yes, more than a full share. The colonial public do not like the idea of the cables going through Dutch hands, and would prefer the Pacific cable. Q. 7. I do not think that there can ever be a very big trade between the United States of America or Canada, as they produce the same things principally as the colonies, but the cable would certainly assist business generally, and a reduction in the cost of cabling would lead to an increased use of the cable.

Letter referred to in the Answers to Questions by Sir Julius Vogel (No. 13).

SIR,—

7th December, 1896.

I have the honour to acknowledge the receipt of your letter of the 4th instant, with an enclosure. I do not know why you wrote to me, since your inquiry purports to be one addressed to "mercantile men engaged in the Australasian trade," and I am not a mercantile man. Officially I have been interested in the question of a Pacific cable to connect Australia with America for many years past. I believe I originated the idea, and I have written a great deal about it. I am not sure that the Committee should not have invited from me any information it desired me to give, and I have to ask you to be good enough to lay before the Committee a copy of this letter and of my replies to your questions, which I have pleasure in answering because I know of your indefatigable exertions in the cause.

There is one factor which essentially concerns most of your questions, and that is the terms upon which you propose to work with the Eastern and Eastern Extension Companies. Are they to be able to obtain a control over your enterprise? If so, it is hardly to be supposed they will give you half the traffic, as several of their lines are duplicated. Even supposing you run in honest opposition at the same rates they would have all the West Australian and South Australian business, the bulk of the Victorian business, and a considerable quantity of that of New South Wales. The intercolonial rates will, I believe, give an advantage to the Eastern lines with regard to the first two-mentioned colonies, unless Adelaide is in direct communication with Sydney, of which I am not aware. Victoria will probably be on an equal footing with both systems. But both this colony and New South Wales, if the rates are the same, will largely adhere to the existing route, because the big houses will fear that if any mischance befall the Pacific cable they will be put by the Eastern companies on worse terms if they have been in the habit of using the Pacific line. You attach, I think, too much importance to the Canadian route proving of superior accuracy. The present route now gives fairly accurate transmissions. In recounting the number of repeating-stations you do not estimate those on the overland route through Canada, nor do you take into account the value of the trained operators accustomed to deal with the code words which constitute a great part of the messages. In point of accuracy I think a long time will elapse before the Canadian route will be entitled to preference.* The crucial question in estimating the traffic is, can the Eastern companies reduce the rate to 3s.? and I believe there is no doubt they can. In fact, in your memorandum you admit it. They cannot, however, go much below it, and I am disappointed at your having fixed the rate at 3s. I had looked for its being fixed at 2s. I do not hesitate to say that at 2s. your revenue would be much larger than at 3s., because you would have the bulk of the business. Supposing you are compelled to adhere to the latter rate, I am far from saying that your enterprise is not desirable, and that though it would be less remunerative it would not be a financial success. You would obtain a considerable portion, though not a half, of the through business, and you would also as time went on have a very large traffic from and to all the Australasian Colonies and America. In any case, therefore, I think the enterprise justified, but provision should be made for supplying a second cable as soon as practicable. Your questions suppose a uniform annual progress, and you speak of an annual increase of 15 per cent., which means doubling the traffic every five years. I have no doubt that the volume of Australasian cabling will be more than doubled the first five years, with the reduction of the charge to 3s. a word, but it cannot continue indefinitely to increase at that rate. At 2s. the increase would be much larger and your share much greater.

Sandford Fleming, Esq., &c.

I have, &c.,

JULIUS VOGEL.

LETTER to the PREMIER on the Present Position and Financial Prospects of the Pacific Cable,
by SANDFORD FLEMING.

SIR,—

Ottawa, 20th May, 1897.

I deem it my duty to submit to your attention the following additional information in connection with the proceedings taken last year by the Committee appointed by the Imperial Government to consider the proposal to establish an electric cable from the western shore of the Dominion to the Australian Colonies. In my judgment, great importance must be attached to the facts I ask your leave to lay before you.

Apart from the national value of the proposed Pacific telegraph-cable as the means of instantaneous communication between distant portions of the Empire, its financial aspect as a commercial undertaking calls for the most careful consideration. On the theory that the cable will be established as a State work under federated ownership, I have formed the firm opinion that the revenue from ordinary business will be amply sufficient to meet every charge of service and maintenance, and that it will make the line perfectly self-supporting, even from the first day it may be opened for general traffic. I have been led to this conclusion by the careful examination of the returns of traffic for the past years, and by a study of those circumstances which have a special bearing on the business of the future. This investigation has satisfied me that, the Pacific cable being in operation, a considerable volume of telegraph business would speedily be developed between Canada and Australasia; that, even without taking into consideration this new trans-Pacific business, the ordinary telegraph traffic between Australia, New Zealand, and Europe is of such a character and volume as to render it extremely improbable that the new cable-service would entail any permanent charge, or any charge whatever, on the public exchequer.

* NOTE.—In reference to the remarks of Sir Julius Vogel in the above letter, the undersigned deems it proper to point out that it is manual as distinguished from automatic repetitions which causes delay and increases the chances of error in the transmission of messages. The repeating-stations on the overland route through Canada are automatic, and in a comparison should not be taken into account. By the Eastern route there are ten manual repeating-stations intervening between Great Britain and Australia—viz., Gibraltar, Malta, Alexandria, Suez, Aden, Bombay, Madras, Penang, Singapore, and Java. By the Pacific route there would be five manual repeating-stations—viz., Canso, Vancouver, Fanning Island, Fiji, and Norfolk Island. With but half the number of such repeating-stations, naturally the tendency to greater accuracy and speed in transmission and generally to a better service by the new route would be increased.—SANDFORD FLEMING.