

MY DEAR SIR,—

Ottawa, 14th April, 1898.

Referring to the conversation we had this morning, and agreeably to your request, I submit for your further information the following explanations respecting the present position of the projected Pacific cable:—

After you left for England early in March the British Empire League held its annual meeting on the 10th ultimo. The subject was discussed at length, and resolutions were passed pointing out,—(1.) That the telegraph-connection of Canada with the Australasian Colonies by an all-British cable is of the utmost importance to Imperial unity; that such connection would not only foster trade and advance the common interests of the Dominion and the Empire, but be of special value to Canada and Australasia at a time when affairs on the shores of the Pacific are engaging the attention of the world to an extent that may before long involve serious international complications. (2.) That the cable business between Australasia and the Mother-country is enormous and steadily increasing, and it has been ascertained that if less than half the traffic be transmitted by way of Canada it would yield a revenue sufficient to make the Pacific cable, as a State undertaking, a complete commercial success. (3.) That the Australasian Governments have it in their power to furnish traffic to the Pacific cable to the extent required to make the new line self-supporting without involving any charge on the public exchequer. (4.) That events and circumstances imperatively demand that the Government of the Dominion should continue to press the matter to completion, in order that the interests of the Empire may not suffer.

The meeting, after discussion, unanimously resolved, "That the Government and Parliament of Canada be respectfully urged to take such action as may be necessary to secure the early commencement of the Pacific cable, and lead to the commencement of this great Imperial connecting-link." It was further resolved that a committee of the League be appointed with instructions to wait upon the Government for the purpose of presenting the views expressed, and urging the necessity of prompt action in the matter.

The committee appointed having in pursuance of the resolution waited on the First Minister, a suggestion was submitted to him, which appeared to be favourably entertained. It was suggested that possibly the best means of establishing the cable as a State undertaking would be through the instrumentality of a "Pacific Cable Trust" created by the several Parliaments concerned. The trust to be duly empowered to raise the required capital, providing for the replacement of the loan by a sinking fund; and, with respect to this, it may be mentioned that investigations by the Imperial Committee in 1896, and since the Imperial Committee reported, establish beyond all question that the revenue resulting from the co-operation of New Zealand, Queensland, Victoria, and New South Wales with Canada would fully provide for the extinction of the original loan. The proposed "Pacific Cable Trust" would be a small Board on which the associated Governments would be represented. Every detail would be left to this Board; it would be empowered to do everything necessary to lay the cable, to work it for commercial purposes, to collect the revenue and account for its proper expenditure. It is not necessary at present to say any more. It will be obvious to you that, from the ample remunerative traffic which would be secured by the co-partnership arrangement with the four Governments controlling it, the cable trust would be in a position to meet every engagement and place in reserve year by year sufficient provision for the replacement of capital. By this instrumentality the Pacific cable may without difficulty be laid and worked for the common advantage without cost to the taxpayer and without causing any addition to the public debt. In addition to the action taken by the British Empire League, several Boards of Trade in the Dominion considered the question and reached similar conclusions. The resolutions passed by them have been submitted to the Government from time to time. By the last mail from Australia I have received information from official and private sources of an important character.

The Eastern Extension Telegraph Company, the great opponent of Canada in the matter, has an agent actively engaged in these colonies. He is continually using the strongest possible influence to divert attention from the Canadian route, and is taking every means to obtain from the Australasian Governments a subsidy for establishing a rival line by way of the Cape of Good Hope, with a proviso that no assistance be granted to any other line for a period of twenty years. I append a memorandum which refers to this and other points, and I especially invite your attention to that part dealing with "hostile projects."

I append copies of communications which I have received from the Premier of Queensland, dated the 19th February, 1898, and from the Premier of New Zealand, dated the 16th March, 1898. You will see that the Governments of both colonies are strongly in favour of the Pacific cable, and the wish is expressed "that no effort will be spared on the part of Canada to insure the accomplishment of the scheme." Other letters which I have received within the last few days are unofficial. I may, however, state that they point out very decidedly that New South Wales and Victoria will be equally ready to join in the undertaking provided Canada moves in the matter promptly. I learn that about the time the last mail left Sydney a resolution was adopted at a meeting of Premiers held at Melbourne fully confirming this statement. The Premier of New Zealand was not present, but his letter appended speaks for itself. The Premiers of Queensland, New South Wales, Victoria, and Tasmania spoke for their Governments, and it would appear that they are all looking to Canada to take definite action. It is noteworthy evidence of the importance which must be attached to this matter that, while the Pacific cable was being discussed at the meeting of the British Empire League and at the conference with the Canadian First Minister, in Ottawa, precisely at the same time it engaged the attention of the Premiers of the Australian Colonies in Melbourne, and both circumstances were reported side by side in the London Press the following day.

Notwithstanding the widespread interest awakened, and the publicity given to it, I have ventured in the following memorandum to point out that there is danger in delay. Let me, there-