

This company, therefore, suffers both in purse and credit, owing to the frequent interruptions, which besides, might possibly make the laying of an opposition cable necessary, thus entailing serious competition, reduced rates, and consequent loss. Such a position clearly requires remedy. The allied Eastern Extension Company also is not free from the serious danger of competition, should a cable over which they have no control be laid between Australia and Canada. This also requires attention. The papers now published by the Cape of Good Hope Parliament expose the manner in which the combined companies hope to find relief from the troubles above indicated, but not at their own expense.

About the beginning of this year frequent reference was made in the Press, many paragraphs appeared concerning an "all-British" cable to Australia, *via* the Cape, and touching at various places *en route*, which, in return for "certain privileges," would be laid by the companies above mentioned. The nature of these privileges is given in a letter dated the 22nd March, 1897, addressed by Mr. J. Denison Pender to the Chancellor of the Exchequer. In this letter, after referring to the demand for "additional telegraphic communication between Great Britain and the Australasian Colonies, quite independent of the Mediterranean route," Mr. Pender proposes that the combined companies should provide "cables between England, the Cape, and Australia, touching only at Gibraltar, Sierra Leone, Ascension, St. Helena, Durban, Mauritius, Rodriguez, and Cocos." In consideration of the above, the "privileges" asked for are the following: £25,000 annually for twenty years from the Imperial Government; an extension by the Australasian Governments, for at least ten years, of the annual £32,400, which they have been paying to the Eastern Extension Company for the last nineteen years; also a present of a double-wire land-line (about one thousand miles long) between Capetown and Durban, from the Governments of Cape Colony and Natal, a land-line which, as the Postmaster-General of Cape Colony points out, is equal to a perpetual subsidy of £12,000 per annum. An underground land-line service from London to Cornwall is also to be provided: this will cost the Imperial Government at least £50,000. In addition to the above, it is stipulated that an annual subsidy of £32,000 for twenty years shall be paid if a branch cable be laid from the Seychelles to Ceylon, touching at Diego Garcia on the way.* The financial side of the proposal having been set forth, Mr. Pender asks for an "undertaking by the Governments concerned that, for a fixed period, they will not subsidise any opposition line connecting any of the places served at present by the associated companies. On their side, the companies undertake to increase their cables whenever necessary to meet public requirements. This principle was, to some extent, formally recognised by the Imperial Government, with the approval of the Australasian Colonies, when the Eastern Extension Company's Singapore-Labuan-Hongkong cable was laid in 1894." The qualifying words, "to some extent," are very much needed here, as Article 7 in the agreement between Lord Ripon (then Secretary of State for the Colonies) and the Eastern Extension, &c., Company, concerning the Singapore-Labuan-Hongkong cable runs as follows: "Nothing in this agreement shall affect the right of Her Majesty's Government to grant to the Government of the Dominion of Canada, or of any colony in Australia, permission to lay, or cause to be laid, a submarine telegraph-cable connecting Hongkong with Canada or with Australia, provided such connection with Canada or Australia be completed within five years from the date of this agreement, after which date the exception in this article mentioned shall become null and void."

In Article 4, Her Majesty's Government reserve the right to permit the laying of cables by others, if "such new cables should, in the opinion of Her Majesty's Government, be found necessary in the public interest of Great Britain, Hongkong, the Straits Settlement, or Labuan, or in the general interests of international telegraphic communication."

These quotations, as well as the fact that no subsidy is mentioned in the Singapore-Labuan-Hongkong cable agreement, show that it is always well to verify references.

This attempt to confirm the existing monopoly of the allied companies would, of course, if successful, have the effect of relieving both the Eastern and South African, and the Eastern Extension Companies, from the awkward position in which they at present find themselves. The Eastern and South African Company would be provided—at Government cost—with an efficient service to the Cape and Natal, and would also be freed from the danger of a competing cable. The Eastern Extension Company would no longer have to count with a competing cable from Canada to Australia, and would, besides becoming independent of the rickety land-lines across Australia, also insure the continuance of the colonial subsidy of £32,400 annually, which would otherwise lapse next year. The suggested method of securing a monopoly, although sufficiently efficacious, and reaching the limits of any demand to which England could by any possibility accede, is not so thorough as that adopted by these allied companies in their dealings with other countries. For instance, to secure their interests in China against a competing American cable from San Francisco *via* Honolulu and the Spanish islands in the Pacific, the Eastern Extension Company, in return for providing an efficient service to Manila from Hongkong (by moving their cable direct into town), exact from Spain a prolongation for twenty years of an absolutely exclusive right to lay cables from Manila to Hongkong, besides the landing rights on all the Spanish possessions in the Pacific. These rights, owing to the result of the war, are probably now of no value.

To turn again to the letters relating to the proposals of the allied companies, we find that, under date of 12th November, 1897, to the Chancellor of the Exchequer, the Marquis of Tweeddale repeats in a modified form that portion of Mr. Pender's letter which relates to carrying the cable from Gibraltar to Cape Town (the subsidy figuring at £20,000 per annum), also the

*We hear that the cable between Mauritius and the Seychelles Islands, for the laying of which the Eastern and South African Telegraph Company is receiving a large annual subsidy from the Imperial and Indian Governments, is at present totally interrupted.