

and the same condition of growth continues, the gross Australia-European traffic will in 1902 be, in round figures, 3,600,000 words.

It may, of course, be said that there is no absolute certainty that the gross telegraphic traffic will be as stated; there is, however, reasonable probability, and there is more than a probability that if the rates be lowered as proposed, telegraphic intercourse will be stimulated, and a much increased business will follow. There are indeed good grounds for the belief that with the tariff lowered from 4s. 9d. to 3s. per word, the gross telegraph business in 1902 will not be less than 4,000,000 words. It is advisable, however, in forming estimates, to be well on the safe side; we may, with perfect safety, then take 3,600,000 words, as the probable business within the year 1902 when the Pacific cable may be opened.

With respect to the second question, what proportion of the gross traffic will fall to the share of the Pacific cable? The following reasons will make plain that the new line will obtain a full share, certainly not less than one-half the whole number of words transmitted.

1. The Pacific cable would undoubtedly give a better service to the public than the existing line. On this point it will only be necessary to quote from a return to Parliament (No. 94) to an address dated the 18th April, 1898, as follows:—

“In reference to the remarks of Sir Julius Vogel in the above letter, the undersigned deems it proper to point out that it is the *manual* as distinguished from the *automatic* repetitions which cause delay and increase the chances of error in the transmission of messages. The repeating stations on the overland route through Canada are *automatic*, and in a comparison they should not be taken into account. By the eastern route there are *ten manual* repeating stations intervening between Great Britain and Australia—viz., at Gibraltar, Malta, Alexandria, Suez, Aden, Bombay, Madras, Penang, Singapore, and Java. By the Pacific route there would be only five *manual* repeating stations—viz., at 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.”

2. The Australasian Governments, being at the chief sources of traffic, and possessing control of all the land-lines, would not only have it in their power to throw business over the Pacific cable, but, as joint owners, would be directly interested in so doing. The Pacific cable would become the “normal route” for all telegrams from these colonies to North and South America, to Great Britain, Germany, France, Scandinavia, Belgium, and Holland. By the term “normal route” it is understood that unless telegrams are specially directed by the sender to follow some other route, they follow the “normal route.” This circumstance would give to the Pacific cable an enormous advantage in securing business, as experience proves that a very large proportion of traffic is handed in by the public without any indication of route. With respect to messages from Europe to Australasia, it will be obvious that every Atlantic cable company, with their offices in every city in the United Kingdom and elsewhere, would be interested in collecting return traffic for the Pacific cable.

In view of the facts submitted, it is a reasonable and perfectly safe prediction that there will be a gross telegraphic traffic in the year 1902 of not less than 3,600,000 words, and that of this business the Pacific cable will obtain fully one-half, or 1,800,000 words.

The transmission of 1,800,000 words, at 2s. per word, would yield a revenue of £180,000 to meet annual charges of every description. The maximum charges have been placed at £158,673, and there would remain a surplus of £21,327. But this surplus would result from the Australasia-European business alone. To this must be added the Australasia-American business, the whole of which would pass over the Pacific cable. By a return to the New Zealand House of Representatives of date 30th August, 1898, it appears that the Australasia-American business for the year 1897 consisted of 87,033 words, the cost of which at present rates would average 6s. per word. It is impossible to say how much the gross business of 1902 will exceed that of 1897 when the rates will be reduced to 2s. per word. Nothing can be more certain than that in six years from 1897 there will be a great advance, that, with charges on messages lowered to less than *one-third* present rates, the trans-Pacific traffic will eventually develop to large proportions, and that it will all go to swell out the profits of the Pacific cable.

The estimates submitted are extremely moderate. They go to show beyond all question that the Pacific cable, from the first year of its establishment as a Government undertaking, will prove a complete commercial success. Moreover the growth of traffic, stimulated by the reduction of rates, will so improve business that the net surplus revenue will go on increasing every succeeding year, and thus admit of the further lowering of rates from time to time.

SANDFORD FLEMING.

No. 38.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 20th April, 1899.

WHAT is the present position of Pacific cable? Will Imperial Canadian Governments contribute third cost?

No. 39.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 21st April, 1899.

PACIFIC cable: Colonial Office, replying Agents-General, hopes shortly communicate the Imperial Government decision. Canadian Government, according to Reuter, propose guarantee five-eighths.