

Enclosure in No. 52.

The HIGH COMMISSIONER for CANADA and the AGENTS-GENERAL to the SECRETARY of STATE for the COLONIES.

Office of the High Commissioner for Canada, 17, Victoria Street,
London, S.W., 18th May, 1899.

SIR,—

At the meeting you were good enough to grant us on the 15th instant, we placed before you our views on the proposal for connecting Canada with Australasia by direct submarine cable across the Pacific—very much on the lines of our letter of the 9th instant, in reply to the communication you caused to be addressed to us on the 28th ultimo.

What we have stated so far, in writing, relates chiefly to the commercial aspect of the proposals in question. We have pointed out the belief that has all along been held in the colonies, that the construction and working of the cable would be undertaken jointly by the Governments interested. This view was also adopted by the Pacific Cable Committee, and we think it is not surprising that the proposition Her Majesty's Government have communicated to us should have caused some dismay in Canada and the colonies we represent.

The abstention of the United Kingdom would inevitably add greatly to the cost of raising the capital required for the work, and consequently to the annual interest payment; and the suggestion to contribute for twenty years a proportion, not to exceed £20,000 annually, of any deficiency that might arise cannot be regarded as adequately meeting the requirements of the case. The loss, part of which Her Majesty's Government are prepared to meet, can only be large (according to the estimates placed before the Committee after full inquiry) if the credit of England is withheld when the capital is being raised. Otherwise the obligations Her Majesty's Government are ready to assume must be considered as in the nature of a contingent liability; and any adverse balance in the first few years would need to be very much greater than has been estimated to require the payment of a sum such as that mentioned—even spread over a period of years. It can scarcely be considered by the colonies as satisfactory that the Imperial Government should in effect first create a deficiency much larger than has been contemplated as probable, by increasing the annual cost of the requisite capital, and then offer to defray a certain proportion of the loss. It certainly seems to us most desirable that the object to be kept in view should be to reduce as far as possible both the initial and the subsequent cost of the undertaking to the taxpayers of England and the colonies.

Therefore, on commercial grounds, it would not, in our opinion, be possible to accept the scheme as submitted, apart from the fact that the offer of the subsidy carries with it conditions virtually placing the construction and working of the cable under the control of the Treasury. Amongst the terms we would draw special attention to the veto reserved upon rates to be charged for messages, a condition which, we venture to think, would meet with the strongest objection in the colonies.

But there is an aspect of the question other and even more important than the commercial. It is undoubtedly the feeling in Canada and the colonies concerned, that the proposed cable is an Imperial work, and that its success cannot fail—as stated in your letter—to promote Imperial unity. Indeed, the desire of the colonies for the cable has been in no small degree based on the belief that the enterprise would be an Imperial undertaking. The colonies concerned have relied on the co-operation of the Mother-country, and it will be a great disappointment if the Imperial Government do not accept the share of the responsibility which we venture to think properly attaches to the Mother-country in the matter, in virtue of her position as the head of the Empire.

The cable, as already mentioned, is destined to provide an alternative route to the East entirely through British territory and under British control. It will be important for commercial and for political reasons, apart altogether from its value as bringing Australasia and Canada into closer connection, and it is not necessary to dwell at any length on the advantages that must accrue to the Empire from the fact of the first cable across the Pacific being in British hands. These facts are fully recognised in the outlying parts of the Empire, which take the warmest possible interest in the question of Imperial unity; and it will cause widespread regret and disappointment if anything should be allowed to occur to prevent the scheme being carried to a satisfactory conclusion in the near future. We are gratified to notice that similar views, according to the Press, appear to be entertained very largely in the United Kingdom.

It is for these reasons, as well as for those that have been referred to in our previous letter, that we earnestly commend the matter to the attention of Her Majesty's Government; and we feel every confidence that they will, on reconsideration, adopt the recommendations made by the Pacific Cable Committee after a very thorough and exhaustive inquiry into the whole question.

We are, &c.,

STRATHCONA, High Commissioner for Canada.
JULIAN SALOMONS, Agent-General for New South Wales.
ANDREW CLARKE, Agent-General for Victoria.
W. P. REEVES, Agent-General for New Zealand.
HORACE TOZER, Agent-General for Queensland.

The Right Hon. Joseph Chamberlain, M.P., Secretary of State for the Colonies.

No. 53.

The Hon. the PREMIER and COLONIAL TREASURER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 20th May, 1899.

PACIFIC cable: As a conference could not be arranged without some delay, I advise that a message be sent to our Agents-General expressing great disappointment at Imperial Government decision;