

estimated by the Committee in their calculations of revenue, the Australasian traffic for 1898 shows a decrease in words of 6·52 per cent. as compared with the traffic of 1897, while the traffic for the year 1897 showed a falling off 8·80 per cent. as compared with 1896; but, be this as it may, I submit that the motive thus baldly stated is not one which the Imperial Government should sanction or approve.

Your Lordship will doubtless have considered, in connection with this subject, the advantages which the Empire might secure by an alternative cable route between Great Britain and Australia; but I think I am well founded in the belief that the naval, military, and other technical advisers of the Government consider that the route suggested by the companies for an all-British cable, *vid* the Cape of Good Hope, would be far better both for strategic and commercial purposes than the all-British Pacific project. The Cape route is a practicable one, adapted to Imperial requirements, and the companies some two years ago submitted to Her Majesty's Government a proposal for providing this alternative communication on very moderate terms.

I would respectfully urge on the part of the companies that Her Majesty's Government ought not to give their sanction and preference to a less advantageous project on any such inadequate grounds as those to which I have adverted. Moreover, it was stated by the Committee that the Pacific scheme would not be an entirely all-British route, because the communication from Great Britain to Canada would be either by an American cable in connection with Canadian land-lines or by an English cable connected with American land-lines.

If, however, for reasons unknown to me, Her Majesty's Government ultimately decide to support the Pacific scheme, the companies would, as they stated to the Committee, be quite willing to undertake to establish a Pacific cable on reasonable terms, provided that the cable can be laid *vid* Honolulu. The objection that such route would not be all-British is, I submit, more sentimental than real, inasmuch as the Vancouver—Great Britain section would, as has been pointed out by the Committee, not be an all-British route. The acceptance of this proposal would avoid claims for compensation which the Pacific scheme, if carried out, would necessarily give rise to, and would also avoid the imputation of unfairness on the part of the British Government in contravention of all precedents.

In this country, whose prosperity has been built up by the energy of private enterprise, I venture to hope that your Lordship will not sanction any deviation from the important principle of non-competition by the State with private enterprise. Such competition is, moreover, opposed to the whole spirit of the International Telegraph Convention.

I need not advert to the efficient manner in which the companies' service is conducted (their cables having been duplicated throughout, and in places triplicated and quadruplicated), since this was admitted before the Committee; nor need I refer to the important services which the companies have at various times, and on critical occasions, been able to render to Her Majesty's Government, as this was also admitted by the witnesses and by the Committee. If the companies do not claim favour on this account, they are at least entitled to justice, and it is an appeal to justice that I thus venture to make to your Lordship.

The Most. Hon. the Marquis of Salisbury, K.G., &c.

I have, &c.,

TWEEDDALE, Chairman.

No. 59.

The SECRETARY of STATE, Ottawa, to the Hon. the PREMIER, Wellington.

Department of Secretary of State, Minister's Office,
Ottawa, 3rd August, 1899.

SIR,—

I am in receipt of your letter of 6th July [not printed], calling my attention to the omission to forward you the Pacific cable documents in accordance with the letter I had written on the 23rd May [not printed].

I cannot understand how the inadvertence arose, but have much pleasure now in enclosing you two copies of the papers and reports on the subject, brought down to a recent date.

The Parliament of Canada has passed a Bill authorising Canada to guarantee the payment of five-eighths of the principal of the debentures to be issued, the capital being fixed at £1,700,000. I hope no further time will be lost in pressing this important enterprise to completion.

The Right Hon. R. J. Seddon, Premier, Wellington.

Yours, &c.,

R. W. SCOTT.

No. 60.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 4th August, 1899.

THE following cable was forwarded by me yesterday to the Agent-General for New South Wales, London, concerning the Pacific cable, namely: "We agree to your proposals regarding Pacific cable. We think it advisable that Board should consist of nine members—New South Wales, one; Victoria, one; Queensland, one; New Zealand, one. New Zealand and Queensland concur. Victoria will submit matter to Parliament as soon as possible. Is understood with regard to New South Wales, recommendations of provisional Board must be subject to approval. We are quite prepared to nominate representative."