

When you come to read the agreement, I see nothing in it to cause us to doubt for a moment that we establish cable communication with the Orient when we establish connection by cable with Australasia. That agreement provides that the Imperial Government can purchase the line of cable, the second cable constructed between Singapore and Hong Kong, for the sum of £300,000, which I presume fairly represents its cost. Once the English Government acquires that cable there only remains the connecting link between the mainland and Australasia, and you have direct cable and telegraphic communication *via* Australia between Canada and Hong Kong and Japan. And it is inconceivable that if the two great colonies, Canada and Australasia, have united themselves by cable communication—particularly in view of the fact that the colonies of Australasia own the telegraph lines across the island continent of Australia—any power, that is any British power, could prevent us forcing our way by telegraph communication with China and Japan. . . . I regard the proposition, though it nominally provides for communication only between Canada and Australasia, as practically completing cable communication between Canada, China, and Japan.

A cable across the Indian Ocean, laid under the same conditions, would, with the Pacific cable, similarly connect Canada telegraphically with South Africa. The two stretches of cable would complete two-thirds of the all-British chain of cable around the globe, which, with branches added, aggregating in length 2,600 knots, London would have practically a duplicate telegraph connection with all, or nearly all, the fortified and garrison coaling-stations of the Empire; an Imperial line of communication would be created which would bring into momentary electric touch every possession of Her Majesty. For these reasons, and for other reasons mentioned in my letter to Mr. Chamberlain, it is expedient that the new cables should be State-owned. Controlled by the State, it is recognised that they will best fulfil their purpose.

I have alluded in other letters (1st July and 5th September) to the great delays which have arisen and their apparent cause. The state of affairs in South Africa and the insecurity of all cables laid in the shallow seas bordering Europe and Africa will now make manifest how much these delays are to be deplored. It is easy to be seen that it would be no difficult matter for a sympathiser with the enemy to isolate not only South Africa, but, at the same time, the whole of Australasia. Better counsels fortunately now prevail, and we all rejoice in the promise that delay is at an end.

These projected State-owned cables have been conceived in no spirit of hostility to the Eastern Telegraph Company. The Pacific cable has been advocated for national reasons, and as the first section of a great Imperial telegraph system. Its mere advocacy has already had the effect of lowering charges on messages between Australasia and England fully one-half, and with the satisfactory result that the profits of the company have been much improved. This is owing to the fact that while the rates have been lowered 50 per cent. the business has increased 150 per cent. since the reduction took place.

I venture to think that the completion of the first State-owned ocean cable will mark a new era in over-sea telegraph correspondence, and that a wonderful development of intercourse will follow. Action has been long delayed, but happily we now have the assurance that Her Majesty's Home Government will co-operate fully with the colonial Governments in bringing to a successful issue an undertaking which they now recognise to be of great importance to the whole Empire.

I have, &c.,

SANDFORD FLEMING.

The Rt. Hon. Sir Wilfrid Laurier, Prime Minister of Canada.

No. 119.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

(Memorandum.)

7th December, 1899.

REFERRING to the Hon. Minister's memorandum of the 27th October last [not printed], I beg to transmit herewith two more copies of the correspondence between the Colonial Office and the Eastern Extension Australasia and China Telegraph Company on the subject of the Pacific cable project.

W. P. REEVES.

[For Enclosure 1, see Enclosure in No. 58.]

Enclosure 2 in No. 119.

The Marquis of SALISBURY to the Marquis of TWEEDDALE.

MY LORD MARQUESS,—

Foreign Office, Downing Street, 19th May, 1899.

I have the honour to acknowledge the receipt of your Lordship's letter of the 17th May, in which you have stated the objections entertained by the Eastern and Eastern Extension Telegraph Companies to the proposals with reference to the all-British Pacific-cable project contained in the letter addressed by the Secretary of State for the Colonies to the Agents-General for the Australasian Colonies and the High Commissioner for Canada, under date of the 28th ultimo.

In reply I have to state that my colleagues in Her Majesty's Government, and more especially the Secretary of State for the Colonies, will be duly acquainted with the protest entered by your Lordship against the above-mentioned scheme.

I have, &c.,

The Most Hon. Marquess of Tweeddale, K.T.,

SALISBURY.

Chairman, the Eastern Telegraph Company (Limited),

and the Eastern Extension Telegraph Company (Limited).

[For Enclosures 3 and 4, see Enclosures 1 and 2 in No. 57.]