

some degree affecting the receipts from existing cables. The same might be said of most railways or steamship lines which Parliament has aided by the grant of special powers, mail-subsidies, and in other ways; but in all these cases Parliament has, rightly, held that the public interest must be the first consideration, and that no compensation should be given in cases where competitive undertakings were authorised, except when such competition involved a breach of public faith.

The Marquess of Tweeddale.

I am, &c.,

SELBORNE.

Enclosure 6 in No. 119.

The Marquis of TWEEDDALE to the Earl of SELBORNE.

Eastern Telegraph Company (Limited) and Eastern Extension Australasia and China Telegraph Company (Limited).

Winchester House, 50, Old Broad Street, London, E.C.,

28th September, 1899.

MY LORD,—

I now have the honour to reply to your Lordship's letter No. 18912/99 of the 15th August (the receipt of which was acknowledged on the 22nd ultimo) on the subject of the proposed Pacific and Cape-Australian cables.

2. It is true that my letter of the 19th July last repeats in more detail the arguments contained in my former letter, but I cannot find that any substantial answer has as yet been given to those arguments.

3. As, however, your Lordship informs me that Her Majesty's Government have come to a final decision on the question of the Pacific cable as a matter of Imperial concern, I do not see that any practical purpose would be served by further discussing the matter, and will now, therefore, only deal with the point respecting which Mr. Secretary Chamberlain desires additional information.

4. The proposal recently submitted to the Australasian Colonies by the companies for extending the Cape cable to Australia, not only provides for an immediate reduction of tariff to 4s. per word, but involves the application to the Australasian traffic of the same sliding-scale principle as is adopted for the Cape traffic, by means of which the tariff might, without any sacrifice on the part of the Australasian Colonies, be further reduced in 1901 to 3s. 6d. per word, to 3s. in 1902, and to 2s. 6d. in 1903, provided the traffic satisfactorily responds to the proposed reductions.

With regard to the conditions attached to the proposal, the companies have only asked for the same freedom in collecting and delivering their international telegrams at Perth, Adelaide, and Melbourne as they enjoy in this country, at the Cape, and at Natal. They are, of course, aware that the Australasian Colonies are parties to the International Telegraph Convention, and are, therefore, bound to send any telegrams marked to go by the companies' route by that route. But, looking to the general conditions attendant on the despatch of telegrams by the public, and to the fact that before messages could reach the companies' cable-termini at Port Darwin and Roebuck Bay they would have to pass over at least two thousand miles of Australian Government land-lines which might not be efficiently maintained when the Governments are in competition with the companies, it is obvious that it would be impossible for the companies to carry on their business on equal terms with their competitors in Australia unless they have the right to establish direct dealings with the public.

The condition was limited to the capitals above enumerated in order to simplify and facilitate the proposed arrangement, but in justice to the companies it ought to be extended to all the other Australasian capitals, and, although your Lordship states that the decision to grant the concession must rest with the colonies themselves, it appears to me that, as Her Majesty's Government are actively assisting to bring about this competition, they should use their influence with the Australasian Governments to induce them to give an undertaking that the companies shall receive equal treatment throughout Australasia before finally agreeing with those Governments on the details of the Pacific scheme. I, therefore, earnestly hope that Mr. Secretary Chamberlain will secure for the companies this necessary measure of justice, otherwise the references made by Her Majesty's Ministers when receiving the companies' deputation, and in your Lordship's letter, as to the Government's duty to avoid unnecessarily injuring the interests of the shareholders, will be utterly meaningless.

I have, &c.,

TWEEDDALE, Chairman.

The Right Hon. the Earl of Selborne, P.C.,
Under-Secretary of State for the Colonies, Colonial Office.

Enclosure 7 in No. 119.

The Earl of SELBORNE to the Marquis of TWEEDDALE.

MY LORD,—

Colonial Office, Downing Street, S.W., 5th October, 1899.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 28th ultimo, and to thank you for the information which it contains as to the proposal which the Eastern and Eastern Extension Telegraph Companies have made to the Australian Colonies for the extension of the Cape cable to Australia.

2. Copies of your letter and of the previous correspondence between you and Her Majesty's Government as to the proposed Pacific cable have been sent to the Governors of the Australasian Colonies, and their attention has been called to the desire of your companies to be allowed, as a