

Since the beginning of the year various public bodies throughout the Empire, and more particularly the General Council of the Australian Chamber of Commerce, have affirmed "the unspeakable importance of a system of State-owned telegraph and cable lines connecting all the severed portions of His Majesty's dominions." It is not surprising, therefore, that it gave great satisfaction when you announced to the Australian Chamber of Commerce on the 16th May last that you had been gathering information to submit to the Canadian Government in regard to the establishment of a State-owned cable across the Atlantic, and the transfer of the land telegraphs of the Dominion to the Post Office Department.

The announcement appeared in the Press the following day, and opened up the prospect to Australasians that they would soon be brought into telegraphic touch with the Mother country, through Canada, by a connected system of State-controlled lines of telegraph by sea and land; that they would by this means be emancipated from the thralldom "of a powerful company" which has long heavily taxed their intercourse with the outer world, and persistently employs every means to perpetuate its rich monopoly. The announcement did more: it gave a substantial impulse to the Pan-Britannic scheme to girdle the globe with a postal cable service which would practically bring into near neighbourhood all the King's subjects in both hemispheres.

The advantages to result locally and generally from the accomplishment of the proposals which you first made public in Australia are so manifest that, on careful examination, no one can doubt the wisdom of bringing them to fruition. I respectfully submit the following considerations respecting them.

A State-owned Atlantic Cable.

It appears to me that it would be advisable to lay the new cable across the Atlantic on a route distinct from and to the north of the zone in which the existing transatlantic cables are laid; but, whatever route may be selected, it may be regarded as reasonably certain that the undertaking would cost in round figures about \$2,000,000, and that the charges for interest and sinking fund to replace capital, together with the cost of operating and the cost of maintenance, calculated on the basis adopted by the Imperial Committee for the Pacific Cable, would reach the total sum of \$166,000 per annum.

By employing the latest improvements of Lord Kelvin, Dr. Muirhead, and other leading electricians the new Atlantic cable would be capable of transmitting more than twenty paying-words per minute, working duplex—*i.e.*, sending and receiving messages both ways at the same time. The duplex method of transmission is now coming into general use where the traffic is heavy, and it is recognised that it can perfectly well be employed continuously throughout the twenty-four hours of every day throughout the year.

The State-owned Atlantic cable, with a twenty-words-per-minute service, would be capable of transmitting a maximum of ten million paying-words per annum. This volume of traffic reckoned at the exceedingly small rate for transmission of 2 cents per word would give a gross return of \$200,000, a sum in excess of the total annual charges (estimated at \$166,000) for establishing, maintaining, and operating the line. Thus it appears that an Atlantic State-owned cable fully employed up to its maximum limit would be self-supporting if no higher rate per word were levied than 2 cents, or one-twelfth the rate now charged by the existing cable-lines.

The question to be considered is, to what reasonable extent would it be employed.

The sources of business for the new cable would be threefold—(1) Australasian, (2) Canadian, and (3) United States.

1. The Pacific cable is to be completed and in operation within the present year, and most of the traffic will require to pass through Canada and across the Atlantic. The favourable terms for transmission to be looked for by the new Atlantic cable will in themselves settle the matter of route between Vancouver and London, quite apart from the fact that the cable will provide an indisputably all-British route to be followed. Hence, as it appears to me, the new Atlantic cable may be regarded as an indispensable adjunct to the Pacific cable. The maximum business which may be transmitted by the Pacific cable is estimated at 8,000,000 paying-words per annum, and, in view of the great facilities for correspondence which the State Atlantic cable will offer, it certainly does not appear too sanguine to estimate that one-half the gross volume of Australasian business, or 4,000,000 words, would in the near future be drawn to it from that source. This business alone, at only 5 cents a word, would yield a revenue more than sufficient to meet all charges on the new Atlantic line.

2. The Canadian business is a constantly increasing quantity, but exact data as to its volume are wanting. After inquiries made among those best able to judge, the best information obtainable goes to show that probably not far from a million words pass annually between Great Britain and Canada. Whatever the volume, it cannot be doubted that with charges on messages reduced from 25 to 5 cents every word would be transmitted by the State cable. With so large a reduction as contemplated, we may reasonably assume that the volume of business would be increased in an inverse ratio.

3. The Canadian transatlantic cable would not be established for the purpose of competing with existing lines for United States traffic—its objects would be national; nevertheless, there would be no reason for rejecting any international business which might be offered, provided the line could accommodate it. The disparity of rates, greatly in favour of the new line, would tend to draw business from all quarters, and I apprehend there would be an overflow from New York and other cities of the United States which would give to the new line all the traffic desired over and above the Australasian and Canadian business.

From these various sources I am satisfied that a State-owned cable across the Atlantic would find abundant employment.