

public opinion in their favour. Unfortunately the then Government of New South Wales listened to the overtures and granted what the companies asked for.

11. These in a few words are the circumstances which have led to the difficulty referred to by Mr. Mulock. There is a collision of interests—private on the one hand, public and Imperial on the other. The cable companies, looking to private rather than public interests, adopted a bold and aggressive policy. If they succeed in their designs they will hold firmly within their grasp the most important telegraph-lines of the Empire: a condition of things pregnant with danger; for it must not be forgotten that the property, the privileges, and the powers of companies are transferable by purchase. We are not unfamiliar with such transfers, and we may ask ourselves the question, What would prevent a syndicate of German, French, or United States stock operators buying up the controlling power of the eastern group of cables? What would prevent the controlling power of the whole telegraph system of the Southern Hemisphere passing into foreign hands? What would prevent the cables of the Empire being alienated at the most critical moment?

12. The mere possibility of such a thing can scarcely be regarded with equanimity. The question raised is of vital importance to British people everywhere. Obviously the obligation to safeguard the public interest in the matter of telegraph communications is thrown on the Government of the British family of nations, and at this juncture on no single Government more than on that of the great Commonwealth of Australia.

13. In November, 1900, an Inter-Departmental Committee was appointed by the Home Government to inquire into the subject of telegraphic connections, Lord Balfour of Burleigh being Chairman. The Committee reported a few weeks ago, and the points specially referred to in the report which have a bearing on the matter now being considered are as follows:—

- (1.) The Committee are strongly opposed to the general purchase of cables by the State.
- (2.) The Committee are of opinion that every important colony or naval base should be connected with the United Kingdom by one cable touching on British territory or on the territory of some friendly neutral.
- (3.) A variety of alternative routes should be provided wherever it is essential to secure telegraphic communication in time of war.
- (4.) The normal policy should be to encourage free trade in cables. Exceptions should only be made to this rule on the ground of national, not of private, interests.

14. These are the principal conclusions reached by the Committee, and it will be observed that not one of them conflicts with the proposal formulated in October, 1898. With respect to the first point in the above list, the general purchase of cables by the State formed no part of the proposal then submitted. The proposal was not to purchase old cables, but to supplement them by establishing a sufficient number of new lines touching only British territory to connect every important colony with the Mother-country. This part of the proposal is in complete harmony with the recommendation of the Committee, with this difference, their recommendation is indefinite with respect to the number of cables, and may be understood to mean many cables, that is to say, a separate and distinct cable from each colony to the United Kingdom. The proposal of 1898 is precise and clear. Its main feature is to have the greater colonial possessions connected with each other and the Mother-country by one continuous chain of cables constituting an all-British telegraph around the globe. Importance is attached to this proposal in the interest of economy, as it would secure every advantage with the least outlay. Moreover, the continuity of the cables, so as to form an electric ring around the earth, would in practice be the best security against interruption in the transmission of messages, as when a break should occur at any point there would remain an alternative route in the opposite direction.

15. It is not necessary to dwell upon the enormous importance of having the globe girdled by an all-British State-owned telegraph, as its advantages are self-evident. When the proposal was made known in December, 1898, the British and colonial Press with extraordinary unanimity expressed generally the opinion that the advantages to result are incontrovertible; that nothing would tend more to quicken a sense of unity and solidarity throughout the Empire; that at all times it would place it in the power of the Governments to regulate and moderate the rates for the transmission of messages between all the countries served; that the immediate effect would be to facilitate intercourse and foster trade not only between the Mother-country and the colonies, but between the colonies themselves.

16. One essential point to be insisted on is that the Imperial telegraph girdle must be absolutely State-controlled, in order that the main lines of communication of the Empire be placed beyond the possibility of interference by trusts and combines—that is to say, that they shall remain inviolably British.

17. The expenditure involved would be considerable, but it is far outweighed by the incalculable benefits to result. The original estimate of expenditure required to establish such a telegraph girdle round the globe was from £5,000,000 to £6,000,000, but this included the Pacific cable which will cost close on £2,000,000. The Pacific cable will shortly be completed. To provide and lay the remaining cables not far short of £4,000,000 will be required.

18. The foregoing paragraphs relate in brief detail the causes which have led to the complications which have arisen in Australia, and point out the inevitable outcome of the designs of the cable companies if they are allowed to go unchecked. The gravity of the peril has been indicated, and it is of such a character as to demand decisive action on the part of the Governments concerned.

19. Although the complications referred to by Mr. Mulock in the Canadian House of Commons had their origin in Australia, the question raised is not limited to that country. The antagonists of an Imperial system of cables conspired to defeat it, they played what from their own standpoint might be regarded as a master-stroke. This action has, however, brought forward an Imperial