

The Australasian section pressed very strongly the formation of this partnership on both the United Kingdom and Canada, and urged "as a dominating principle that the scheme could not fail to promote Imperial unity." We pointed out that "it was an alternative route to the East passing entirely through territory under British control, that its importance from a strategical point of view was manifest, and the possession of the first cable across the Pacific was a matter of the highest commercial importance." We so strongly impressed the Colonial Secretary with the Imperial character of the work in letters (all of which bear the signature "Julian Salomons, Agent-General for New South Wales") that we eventually secured the co-operation of Great Britain, mainly for the higher reason advanced by us.

Then came the Conference, at which all the negotiators attended, the partnership was formed, and each bound himself by the strongest of all obligations—the honour of his country—to promote the success of the scheme.

The next important question is the nature of the subsequent Australian action. Sir John Cockburn dismisses this with the simple assurance that the only concession required and given was "that the Eastern Company should be permitted to deal direct with the public in a manner similar to that which has always been allowed in Great Britain"; and he deprecates the suggestion that anything of the nature of a preference has been granted, or is proposed to be given, to the Eastern Company. Here I must seriously differ from him on the facts.

1. An agreement was made on the 16th January, 1901, by the State of New South Wales, to remain in force until rescinded by mutual consent in writing.

2. It conceded to the Eastern Company a special wire on the Government posts between Sydney and South Australia, a distance of several hundred miles, to be provided and maintained for ever at the expense of the State.

3. Though the entire telegraph system of Australia is under Government control, this special copper wire is connected with the offices of the Eastern Company, and is always at the service of, and to be worked by, the staff of the Extension Company, and very probably is now being extended to other State capitals. This gives exceptional facilities for uninterrupted communication in Australia, and affords opportunities for secret concessions to customers, one of which—the free registration of addresses—continued in force for at least three months, to the detriment of the Pacific cable.

4. All cables, telegraph instruments, machinery, stationery, and goods of any kind of the Extension Company are relieved from all Customs duties and wharfage rates.

5. All their vessels are exempt from port and light dues.

6. The Eastern Extension Company is exempted from all income-taxes and all other rates and taxes, Parliamentary or otherwise, except rates and taxes on premises occupied as local offices.

Can it be contended that all these come under the definition "permission to deal direct with the public," or that an interminable immunity from all forms of taxation was ever given to a cable company by any constitutional Government?

Unquestionably, Australia derives advantages, certainly not inestimable, from the South African cable; but what I contend is that the payment for these should be made by the recipients, and not be borne by the other partners in the Pacific cable.

I cannot adopt the view that the Commonwealth has, under the circumstances, no alternative but to recognise and take over the particular contract in question; but, assuming this obligation, they are at least bound to extend the same concessions to their partners in the Pacific cable, whose Imperial connection with this project was almost the principal object of their entering the partnership.

The Pacific Cable Board applied for the enjoyment of all privileges conferred on the Eastern Extension Company. Some of these have now been granted, whilst the substance has been declined.

Then, what becomes of the suggestion that it is the Pacific Cable Board which is the grasping monopolist? It certainly deserved special Australian consideration, seeing that it has brought down the rate from 9s. 4d. to 3s. a word and provided an alternative route; but it has not sought anything not possessed by the Eastern Company; no cutting rate has been made for Australia, the Eastern rate as lowered being accepted. In short, it only wishes to "play the game."

In "the latest development of what some call State socialism" there is very little difference between the State co-operation of the Pacific cable and that of the postal service to Australia or the Admiralty survey of the Eastern seaboard, in existence for many years.

The Australian Commonwealth Government has certainly not shown the same energy in supporting this Imperial cable as their contributing States did to obtain the co-operation of other parts of the Empire to make it. For fifteen months they have failed to even fill the vacancy on the Board caused by the death of Sir Andrew Clarke, and have left their sole representation in the hands of the Agent-General for the State most concerned in the contract impugned. Is it any wonder, then, the other partners complain, though on the score of "financial chagrin" present prospects are by no means such as to warrant any excess of sympathy, the published estimate of deficiency of £95,000 having made provision not only for a sinking fund to repay the capital expenditure, but also to provide a reserve for a second cable as well.

Yours obediently,

HORACE TOZER.

5th June.