

From the evidence given above, and from the notoriously unsatisfactory condition of the lines to the Cape, it seems clear that the Eastern and South African Company and its friends have a duty incumbent on them, not only to provide a third cable, but also to provide it for their own safety, free of subsidy or conditions. The gains from the cable traffic, as pointed out by Mr. French, are more than sufficient to warrant this, and as the only possible alternative route for such a cable is *via* Ascension and St. Helena, it is monstrous that these companies should call on Her Majesty's Government for assistance in carrying out a work which their own commercial interests absolutely require.

That these companies are not justified in the claim which they make for State assistance, the following figures will prove up to the hilt. Apart from the revenue derived from traffic, and to which Mr. French makes allusion, the Eastern and South African Company already receives, almost entirely from British sources, subsidies amounting to £88,000 per annum. The African Direct and West African Telegraph Companies, in which the allied companies are large shareholders, draw from the British and various other Governments annual subsidies amounting to about £65,000. Thus, altogether, the total at present paid in subsidies to the African cable ring amounts to more than £150,000 yearly; and they have already received in this way, quite apart from their traffic earnings, a sum exceeding £2,000,000.

We do not include here the Eastern Extension Company, which we propose to deal with in a future article, but will only remark that this partner in the scheme we have here exposed has, during its existence, drawn well over £1,000,000 in subsidies, besides having a reserve fund of more than £800,000 in hand.

That the proposals made by these allied companies were even thought worthy of consideration by a Departmental Committee, appointed by the Treasury, proves nothing beyond the influence which they possess in official circles. We are glad to notice that in the draft instructions to this Committee the following occurs: "The Committee will understand that in no case can an unqualified guarantee against subsidised competition be given."

After the collapse of that part of the scheme which entailed a prolongation of the cable from the Cape to Australia, the Agent-General, in a telegram to the Premier of Cape Colony, asks: "If all-British cable stops at Cape, and proceeds no further, what contribution or subsidy are you prepared to offer? Committee awaits reply." The reply of Sir Gordon Sprigg, dated 15th May last, is perhaps the best which could have been made to the impudent demands of these "sturdy beggars," and runs as follows: "In letter, 29th December, company offered to lay cable without South African subsidy. As present traffic warrants third cable on basis of revenue laid down by Sir John Pender, feel sure South African contributories to subsidy would not entertain question of increase without satisfactory guarantee regarding reduced rates. As monopolists, company must make concessions to meet legitimate public requirements."

II. We have laid before our readers as concisely as may be the story of the futile attempts made by the allied companies (the Eastern, Eastern Extension, and Eastern and South African Telegraph Companies) to confirm their monopolies, and to relieve themselves from the impending danger of competition—at the expense of the nation; we have shown how this very prosperous clique has failed in this endeavour, in spite of the sympathetic interest which they have generally managed to inspire amongst a certain class of officials. We omitted, however, sufficiently to emphasize the fact that in the letter to the Chancellor of the Exchequer, dated the 12th November, 1897, and in which the Marquis of Tweeddale leaves in abeyance the prolongation of the cable beyond the Cape to Australia, the clause intended to quash competition is left unchanged. If this clause had been acceded to, it would have prevented the Government from assisting by subsidy any one who might desire to compete, on equal terms, with these already subsidised companies in either Africa, India, China, or Australasia. This absurd request was summarily dismissed in the draft instructions to the Departmental Committee.

Perhaps that portion of the scheme on which we are trying to throw light, which relates particularly to the Eastern Extension Company, is the most interesting. We refer to the suggested prolongation of this cable from the Cape to Australia, which is now for convenience put into the background. We have frequently drawn attention to the delays and interruptions which occur on the Australian land-lines, and find support for the views we have so often expressed in a letter, dated the 25th February last, addressed to the Chancellor of the Exchequer by Mr. J. Denison Pender, who, as a director of the Eastern Extension Company, writes with full knowledge of the subject. Mr. Pender, in the course of his letter writes: "I have the honour to inform you that in consequence of the recent unsatisfactory working of the Australian Government land-lines (over which the company have no control) serious complaints have arisen both on this side and in the colonies, and deputations from chambers of commerce and other public bodies have waited on the Postmasters-General of New South Wales and Victoria with a view to ventilating the question and endeavouring to find an effectual remedy. The Eastern Extension Company's cables to Australia are landed at Port Darwin in the Northern Territory of South Australia and Roebuck Bay on the north coast of Western Australia, whence land-lines belonging to and worked by the Governments of South and Western Australia carry the telegrams to Adelaide. The bulk of the traffic is transmitted by the Port Darwin-Adelaide land-line, the long coast-line from Roebuck Bay to Adelaide being more or less unreliable. The proposed Cape-Australian cable, by landing at Perth, would cut out the most defective portion of this line, and consequently much shorten and improve the communication. It is, however, contended that the line between Perth and Adelaide, passing, as it does, through a sparsely populated country, would be liable to as much interruption as the Port Darwin-Adelaide line, and to meet this objection the Eastern Extension Company has intimated to the colonies its readiness to extend the proposed cable from Keeling or Perth to Albany, and thence lay a separate cable to Adelaide, thus making the new connection altogether independent of the long land-lines complained of." In return for this extension, which will have the effect of seriously decreasing the revenue of the land-lines of South and Western Australia, "the company