

In the development of a mighty Empire, different in so many ways from any political organization of the past, all may not be plain sailing. Difficulties, doubtless, will arise, much as they arose in the less extended field of our Canadian confederation. The greatest difficulty that had to be overcome in the unification of Canada was the mutual ignorance of one another that obtained in the several scattered colonies. In time that difficulty was happily conquered; the Dominion came into being; and, forty years afterwards, we do not find a man from ocean to ocean who is not proud of the achievement, proud of the progress we are making, and hopeful of our destiny as a leading member of the British family of nations.

In the case of the larger union, the development of the whole Empire and the affiliation of all its parts, we have precisely similar difficulties, but the mutual want of knowledge is on an infinitely larger scale. This fact has been recognised by the Board of Trade of the City of Ottawa, and, as explained in the address to His Excellency, the Board has placed itself in correspondence with many persons and associations in all parts of the world, with the view of determining the most effective means by and through which mutual information might be freely exchanged and friendly relations fostered between all duly constituted British communities.

A year ago that most influential organization in England, the "Eighty Club," issued a pamphlet setting forth the advantages to result from the Empire cables and the establishment through such means of a great Imperial Intelligence union. The pamphlets were circulated with effect in the United Kingdom, Australia, New Zealand, South Africa, Canada, and India.

Public interest has been further awakened by the circulation in all the countries mentioned of Canadian parliamentary papers, especially sessional papers 67 and 67A (1906), in which are given the views of many of our foremost men on this subject, including Lieutenant-Governors, Judges, statesmen, scholars, and clergymen of all denominations. Other documents have been published, all bearing on the point that the several portions of the Empire should be made more fully acquainted with one another, and brought into sympathetic touch. By this means the opinion steadily gains ground that, while each Government should be left with the freedom now enjoyed, every effort should be made to cultivate the most friendly relations between the several communities which go to make up the Empire.

It is now coming to be recognised, as a direct and effective means to the desired end, that an Imperial electric girdle of State-owned cables and telegraphs must be regarded as a vital object of Imperial statesmanship.

Some progress has already been made. Under a unique partnership between the Government of the Mother-country and Canada, New Zealand, New South Wales, Victoria, and Queensland the Pacific cable has been established. After long negotiations it was at length agreed that these six Governments should co-operate and share in the cost in the following proportion: viz., New Zealand, New South Wales, Victoria, and Queensland, each one-ninth; Canada and the Mother-country, each half the remaining five-ninths. The whole capital, amounting to £2,000,000, was found by the Imperial Treasury, and the six co-operating Governments arranged to make good each their share by terminable annuities which, including sinking fund and interest, amounted to £77,545. To this yearly payment was added £35,000 to form a reserve fund to provide for the replacement of the cable, when necessary, at some future time. This financial arrangement, designed to pay off the original capital debt incurred, and eventually leave a new cable without debt, was regarded as a favourable one for each partner. There is a misapprehension, however, in many quarters. When the annuities are called for and paid to the British Treasury they are spoken of as deficits in cable-earnings and generally regarded as losses sustained in working the Pacific cable. That is in no sense the case. The scheme of annuities is the means which was taken by which it was believed the partners could best and most easily meet their share of the capital required to establish the undertaking and place it on a good footing. If the returns be examined it will be found that there never has been any loss in working the cable. The working-expenses include all salaries and all outlay at the Head Office in London, and at the several cable-stations between London and Australia, also a cable-ship and a provident fund for the benefit of employees—indeed, every charge not covered by the terminable annuities mentioned. On that basis the following table is prepared for the four whole years the cable has been in operation:—

	1903-4.	1904-5.	1905-6.	1906-7.
	£	£	£	£
Receipts from traffic	80,118	87,447	91,952	113,516
Working-expenses	54,824	50,752	52,964	57,895
Excess of earnings over working-expenses	25,294	36,695	38,988	55,621

This information, furnished by the parliamentary returns of the United Kingdom, thus show that the Pacific cable is not the losing concern which many have supposed. Last year the net earnings over and above actual working-expenses amounted to about \$275,000, and the table shows that there is a steady advance in surplus earnings year by year.

We have the further testimony of the Auditor-General of Canada that the Pacific cable is not only self-sustaining, but that its earnings are employed in part to pay off the original capital expenditure. The two sums mentioned, £77,545 and £35,000, together amounting to £112,545, represent the total aggregate annual sum arranged to be paid by all the contributing Governments. The Auditor-General affirms the fact that the amount of this annuity has been diminished by the receipts on cable traffic in each year as follows:—