

*Tenders*

On the 6th August an advertisement appeared in the London newspapers asking for tenders. Cable-manufacturing contractors and others were invited by the Canadian Government to state the terms upon which they would be prepared to lay and maintain in efficient condition a submarine electric cable across the Pacific from Canada to Australasia.

Tenders have been received from some of the best and oldest firms, they establish four important *desiderata* (1.) They set at rest all questions respecting the practicability of the project. (2.) They establish indisputably that Great Britain can obtain direct telegraphic communication with the British colonies of the Southern Hemisphere without having resort to any soil not British territory. (3.) They clearly prove that there is no requirement for delay in order to make elaborate preliminary surveys, offers having been received from cable-manufacturers of the widest experience, who, with the information and *data* possessed, are prepared to lay the cable, and guarantee its success. (4.) The tenders give definite information as to the cost of the undertaking, moreover, they furnish proof that the outlay of capital required is less than the amount which has been estimated.

The definite *data* thus obtained overcome all obstacles which were supposed to stand in the way of the first resolution passed by the Conference—namely, that “immediate steps should be taken to provide telegraphic communication by cable, free from foreign control, between the Dominion of Canada and Australasia.” The Governments concerned are now placed in possession of information essential to the consideration of the best means necessary to the consummation of the project.

As there might be some divergence of opinion as to the best means to be taken to carry out the undertaking, the Canadian Government, in asking for proposals, intimated that offers would be received in three different forms, namely:—Form A. The cable to be owned and controlled by Government, to be worked under Government authority and to be kept in repair by the contractor for three years. Form B. The cable to be owned, maintained, and worked by a company under a fixed subsidy for a term of years. Form C. The cable to be owned, maintained, and worked by a company under a Government guarantee of traffic for a term of years.

The only actual offers received are according to Form A. That no offers were received according to Forms B and C may be due to the fact that it was felt desirable to predetermine the maximum charges so as to preclude a subsidised or traffic-guaranteed Pacific Cable Company amalgamating or combining with the existing company to the disadvantage of the public. It was stipulated that under Forms B and C the maximum rates to be charged on messages to and from Great Britain and the Australasian Colonies shall be 3s. per word for ordinary telegrams, 2s. per word for Government telegrams, and 1s. 6d. for Press telegrams, trans-Pacific messages to be charged at proportionate rates. These are the rates agreed upon at the Postal and Telegraph Conference held in New Zealand in March last.

My opinion as to the best means of establishing the Pacific cable has been long given, and as early as the Colonial Conference of 1887 I submitted my views again at the recent Colonial Conference, and on occasions before and since that date I have explained the principles which, in my humble judgment, in view of the public interests, should be followed.

I do not think it necessary to repeat the arguments I have frequently used in favour of establishing the Pacific cable as a public undertaking, so that it may remain under Government ownership and control. I beg leave to refer to my remarks which the Minister of Trade and Commerce submitted in a memorandum dated the 11th October, 1893, to the Australasian Governments, likewise to what I said at the Colonial Conference in June last (extracts are appended). On both occasions I pointed out that it would be unwise to subsidise a company, when the object could be attained more economically and far more advantageously to the public by other means. It has since been suggested as an alternative to a subsidised company (Form B) to establish a company under a Government traffic guarantee (Form C)—that is to say, the company to be guaranteed a gross revenue from traffic for a term of years, the deficiency between actual earnings and the guaranteed earnings to be made good by the Governments each year. To my mind, this plan is scarcely less objectionable than the first mentioned. Let us, by way of illustration, assume that a company is formed under a Government guarantee of gross traffic equal to £200,000 per annum for a period of twenty-five years. What in this case would prevent the existing company and the new company entering into a secret pooling agreement by which it would be the policy of both to pass over the old line the great mass of the traffic, the object being to establish against the Governments each year of the twenty-five as large a claim as possible under the guarantee? I do not see that it would be possible to prevent the two companies amalgamating their interests in this or in some other way, and, as a consequence, a powerful monopoly would be built up to exact its own terms. Looking at the subject in all its bearings, the true plan, in my judgment, is to make the Pacific cable a public undertaking from its first construction. I am satisfied the more the subject is considered, it must become clear that only by the observance of the principle of State ownership will the greatest public advantage be permanently obtained. If in establishing the Pacific cable as a public undertaking the co-operation of the Mother-country with Canada and the Australasian Colonies be secured the most advantageous consequences will undoubtedly proceed from this arrangement. The first effect of co-operation would be in connection with the initial cost of the work, as a joint guarantee would admit of the required capital being raised at the lowest possible rate of interest. I have only to point to the intercolonial railway of Canada as an illustration of the advantages attainable. In 1867 it was arranged between the Home Government and the Canadian Government to connect Quebec and Halifax by railway, for this purpose a loan of £3,000,000 bearing the Imperial guarantee was effected at a low rate of interest, and by this means the Home Government rendered substantial aid in the construction of the national railway of Canada without in any way drawing on the Imperial Exchequer. It can be clearly established that