

In my letter on this subject addressed to the Hon. the Minister of Trade and Commerce, of the 20th July, 1894, I have set forth in detail the reasoning which justifies the view I take with respect to the business to be done by the Pacific cable, and I venture to think that the estimates submitted will be considerably within the actual revenue when it comes to be ascertained. According to these estimates the gross earnings in 1898, the first full year that the cable would be in operation, reckoned at the low tariff of 2s. per word, would amount to £110,000, for the year 1899, £126,500, and for the year 1900, £143,000. If from these estimated yearly earnings we deduct in each case the fixed charges for interest and working-expenses of £75,000, we would have a surplus in 1898 of £35,000, in 1899, of £51,500, in 1900, of £68,000 showing a total surplus of £154,500 for the first three years the telegraph would be in operation. During the whole of this period the cable would be maintained by the contractor, and any expense incurred in effecting repairs would form part of the contract sum to be paid to him. After the third year the cost of maintaining the cable would be a charge against surplus earnings, which I shall show would be ample for the purpose, and would, moreover, leave a considerable balance each year to be carried to a reserve fund.

The following table covers the remaining seven of the first ten years after the opening of the telegraph for traffic, and is computed on the principles set forth in the appended papers. The cost of repairs and maintenance, usually estimated at £6 per mile, would amount to £43,000 per annum, for this service I have allowed £50,000, which, added to interest and working-expenses, increases the charge against revenue to £125,000 per annum :—

	Gross Earnings. £	Charges. £	Surplus. £
Surplus for the three first years			154,000
1901	159,500	125,000	34,500
1902 ..	176,000	125,000	51,000
1903	192,500	125,000 ..	67,500
1904	209,000	125,000	84,000
1905 ..	225,500	125,000 ..	100,500
1906	242,000	125,000	117,000
1907 ..	258,500	125,000	133,500
Total surplus in ten years			£742,000

The estimate shows an increasing surplus year by year, which is fully warranted by the *data*. That a surplus is a probable contingency is due mainly to the assumed low interest on capital, and the low rate of interest, so important a factor in the calculations, presupposes the identification of the Imperial Government with the Governments of Canada and the Australian Colonies in this Imperial-Colonial project. It is scarcely necessary to add that, although there is no probability of loss, or insufficiency of revenue to meet all charges, it is indispensable that the precise responsibility attached to the several Governments which co-jointly undertake the work should be clearly defined. I do not take upon myself to suggest the proportion of liability each may bear, as this must be a matter for diplomatic arrangement hereafter.

It has been my object to show by the facts I have presented and the figures I have produced that a mutual effort on the part of Great Britain and the two great divisions of the Colonial Empire can establish the Pacific cable with ease, and practically without cost to the taxpayer in either country.

That the estimates I have presented will be borne out by actual results I feel perfectly satisfied. I have based them chiefly on the business which already exists between Australasia and England, and which is year by year increasing with a very rapid growth. I have taken little or no account of the traffic which undoubtedly will spring up across the Pacific when the means of telegraphing at low rates is provided, a new traffic, the whole of which will be tributary to the new line. I am satisfied that my estimates are reasonable and reliable; it has certainly been my aim to submit them in a form which time will substantiate and confirm. The first effect of the Pacific cable will be to confer a benefit on the merchants of Great Britain and Australasia, and, indeed, on the whole of that section of the community in both countries who resort to the use of the telegraph. This is obvious from the mere reduction in rates alone. The reduction from 4s. 9d. to 3s. per word, will, within the first year after the Pacific cable shall be open, effect a gross saving in Australasia and the Mother-country of £190,000. This saving will be repeated annually, and will continually be augmented by the growth of business.

Canada may look for gains of another kind and in another way. As Miss Flora Shaw has recently so well pointed out, Canada "commands the commercial high road of two hemispheres, and, perceiving the value of the position, has taken means to secure its possession. But commerce can nowhere be developed without the ordinary facilities, and the telegraph is in this age the indispensable adjunct and in some notable instances the actual pioneer of commerce.

The mere laying of an electric cable between two opposite shores of an ocean has in our time become a comparatively common-place affair, but to connect Canada with Australasia and New Zealand by telegraph has more than ordinary significance. The contemplated telegraph would greatly strengthen the commercial position of the lands connected by it, and would constitute a common bond between sister-colonies now widely separated. In completing the "electric girdle" of the Empire the effect of the Trans-Pacific cable would be far-reaching, and its influence would be incalculable. Not the least valuable consequence of the proposal submitted would be its high moral and political import. The co-operation of Great Britain, Canada, and Australasia in establishing this telegraphic connection would present itself to the world as an ideal "co-partnership," unparalleled in history, and it would furnish a striking development of Britannic unity, perhaps foreshadowing still more important developments in coming years.

SANDFORD FLEMING.