

negative, my company will then be prepared to consider any proposals that may be submitted for a 4s. tariff.—I have, &c., W. WARREN, Manager in Australasia."

The following extract from an enclosure to a letter from Sir Sandford Fleming to Sir Wilfrid Laurier, dated Ottawa, 28th December, 1897, with regard to the Eastern Extension Company, will be interesting:—

"The Eastern Extension Company represents a combination of associated companies engaged in telegraph transmission between England and Australasia. The lines of the company comprise those of three amalgamated companies: (1) The 'British Indian Extension,' from Madras to Singapore, with a share capital of £460,000; (2) the 'British Australian,' from Singapore to Australia, with a share capital of £540,000; (3) the 'China Submarine,' from Singapore to Hongkong and Shanghai, with a share capital of £525,000. The combined share capital of these three companies amounted to £1,525,000. On their amalgamation the united share capital, by a well-known process of 'watering' to the extent of £472,500, was increased nominally to £1,997,500. The united company, since known as the Eastern Extension, Australasia, and China Telegraph Company (Limited), has been exceedingly prosperous; it has paid 7 per cent. on the enlarged capital, equal to 9 per cent. on the original capital. An examination of the published statements establishes that it has, in addition, expended out of the profits earned no less a sum than £1,571,540 on extensions and other productive works, and there remains unexpended and undivided to-day a reserve of surplus profits amounting to £804,193. These figures establish that the Eastern Extension Company has become a remarkably profitable investment. It regularly pays good dividends, but the dividends are no guide to the profits made. It holds in reserve undivided profits far exceeding in amount the whole value of its cables between Asia and Australia. The accounts of the company for 1896 and the first half of 1897 show that the net profits actually earned during these periods amounted to 13 per cent. on the present capital, and 17 per cent. on the capital prior to its being watered."

Side-lights on Cable Routes.

In the Melbourne *Argus* of the 26th August, we notice a long article (No. 1) under the heading of "The Proposed Pacific Cable." We do not intend to criticize this, as it is simply a *rechauffé* of the objections and misleading statements which those who are interested in opposing the laying of a cable across the Pacific take every opportunity of publishing for the consumption of the colonial public, who have not had the opportunity of acquiring a proper insight into the matter. This knowledge might have been in their hands had the proceedings of the Commission of inquiry, held in the Colonial Office at Downing Street at the end of 1896, been presented to the House of Commons. The supposed analysis of the Pacific scheme now being published in Australia is, as has previously been the case, utterly misleading, and evidently springs from a biased source.—*Electrical Review*, 7th October, 1898.

Enclosure 2 in No. 34.

(From the *Electrical Review*.)

In one of the leading Australian papers, the Melbourne *Argus*, a considerable amount of space has been devoted in the issues of 26th and 30th August to the proposed Pacific cable. We made reference to these last week, and pointed out that the information offered was simply a rehash of the numerous erroneous and misleading statements which have been so liberally offered for colonial consumption by those interested. We have so frequently exposed the fallacies and inaccuracies which have been so often and so skilfully advanced that we do not care to devote further space to going over this ground again at present. An element of novelty has, however, been introduced into the matter in a further article published, as if by an afterthought, in the Melbourne *Argus* of the 6th ultimo. Here, in a column or so of matter relating to the Cape-Australia cable (with which we have already dealt), we find the following: "During the discussion on the Pacific scheme it was frequently suggested that the Eastern Extension Company might put up rates on the expiration of the Government subsidies in 1899, but, of course, all possibility of this would cease were the Cape route adopted. In any case it is hardly likely that a company which controls nearly one-half the cable mileage of the world—viz., 75,000 nautical miles out of a total of 165,000—would damage either its own reputation or the interests of its shareholders by any such suicidal act. As Mr. P. B. Walker, Secretary of Telegraphs in New South Wales, points out in one of his reports, no attempt was made by the cable company to raise the rates when the New Zealand and New South Wales Governments declined to continue the subsidy on that line." The first part of this statement does not appeal to our recollection, although we have followed the discussion closely. The idea has possibly arisen in the mind of the writer owing to the fact that the Eastern Extension Company have not replied to the inquiries urgently made by the colonial Governments as to whether they proposed to reduce the existing tariff on the expiry next year of the annual subsidy (£32,400) which has been paid to the company by the colonial Governments for the last nineteen years. This seems all the more probable in view of the suggestion in this paragraph that "all possibility of this would cease were the Cape route adopted." As regards the latter portion of the statement—viz., that "no attempts were made by the cable company to raise the rates," &c.—this statement is, if possible, still more inaccurate and misleading than the rest of the information given in these articles. The editor of the Melbourne *Argus*, who writes with assumption of minute knowledge, should refer to a telegram, dated 20th September, 1886, addressed to Sir Julius Vogel, then representing the New Zealand Government, by the late Sir John Pender, then Chairman of the Eastern Extension Company, who, referring to the subject mentioned in the above extract from the *Argus*, wires: "The company have done everything possible to conciliate your Government and to meet the requirements of the tele-