

No. 55.

THE Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 26th July, 1899.

PACIFIC CABLE: We are awaiting complete replies from other colonies concerned before replying to Agent-General's message. With regard to your share, may I remind you that, although your Committee recommended that you should join with other colonies on basis of guarantee of four-ninths of the cost, your proportion not to exceed one-eighth of the whole cost, your letters of 30th September and 1st October [Nos. 25 and 26, F.—8, 1899] stated that when the Committee's report was being considered the Government would recommend that New Zealand should guarantee one-ninth of the liability. Would like to know clearly whether your final decision is one-eighth or one-ninth.

No. 56.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 27th July, 1899.

PACIFIC CABLE: Have now decided that our share of cost shall be fixed at one-ninth.

No. 57.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street,

London, S.W., 29th July, 1899.

(Memorandum).

PACIFIC CABLE: I beg to transmit herewith copy of correspondence between the Colonial Office and the Eastern Extension Australasia and China Telegraph Company on the subject of the all-British Pacific cable project.

WALTER KENNAWAY,
For the Agent-General.

The Hon. the Premier, Wellington.

Enclosure 1 in No. 57.

The UNDER-SECRETARY of STATE for the COLONIES, to the MARQUIS of TWEEDDALE.

MY LORD,—

Colonial Office, Downing Street, S.W., 10th July, 1899.

I am directed by Mr. Secretary Chamberlain to acquaint you that he has had before him the letter which you addressed to the Marquess of Salisbury on the 17th May [see Enclosure in No. 58], submitting the objections entertained by the Eastern Extension Telegraph Company to the proposals in relation to the all-British Pacific cable project, contained in the recently-published correspondence between this department and the High Commissioner for Canada and the Agents-General for the Australasian Colonies.

2. You maintain that "the grounds upon which the proposals contained in the letter are based appear to be a departure from the principles hitherto acted upon by Her Majesty's Government," and that the reasons by which that departure has been sought to be justified are "wholly inadequate," and further, that "Her Majesty's Postal and Telegraphic Department has hitherto acted upon the principle of alliance, and not interference, with private enterprise."

3. Mr. Chamberlain is unable to accept this statement as a complete or accurate record of the practice of Her Majesty's Government, or of the principles which have guided, and ought to guide, them in dealing with such matters. He cannot admit that there is any rule or formula of universal and permanent application such as you suppose, limiting the functions of the State in regard to services of public utility.

4. With the progressive development of society, the tendency is to enlarge the functions and widen the sphere of action of the central Government, as well as of the local authorities, and to claim for them the more or less exclusive use of powers and the performance of services, where the desired end is difficult to attain through private enterprise, or where the result of entrusting such powers or services to private enterprise would be detrimental to the public interest, through their being in that event necessarily conducted primarily for the benefit of the undertakers rather than of the public. This tendency is specially manifested in cases where, from the magnitude or other conditions of the enterprise, the public is deprived of the important safeguard of unrestricted competition, and in many cases, as your Lordship is aware, where it has been considered inexpedient or impracticable for the State to foster or enter itself upon competition, the Legislature has deemed it necessary to step in and impose conditions and restrictions for the protection of the public interests.

5. It is only by public expediency and advantage that the question whether a service should or should not be undertaken or assisted by the State can be finally decided, and any rules or formulæ which may be adopted at one time as a general expression of opinion as to the limits within which the action of the State should be confined may be wholly insufficient and inapplicable at another.

6. That the action of the Postal Department, to which you specially refer, has been limited by any such rules as you allege appears to be a complete misapprehension: for many years in the matters of life assurance and annuities, banking, carriage and distribution of parcels, &c., the Postal Department has been in active competition with private enterprise. In the case of inland telegraphs and of cable communication with the Continent of Europe it has entirely superseded