

APPENDIX C.

SIR,—

Ottawa, 5th May, 1899.

I have the honour to submit for the information of the Government a communication of this date, addressed to the British people, setting forth the present position of the Pacific-cable movement.

I have, &c.,

Hon. R. W. Scott, Secretary of State.

SANDFORD FLEMING.

THE PACIFIC-CABLE MOVEMENT: ITS PRESENT POSITION.

To the British People.

Ottawa, 5th May, 1899.

WITHIN the last few days it has been stated that the Home Government has not responded to the proposals of Canada, Australia, and New Zealand respecting the establishment of the Pacific cable in the way that the Governments of the people of these countries had reason to expect, in consequence of which a feeling of disappointment and surprise is on all sides expressed.

It had been arranged that the Pacific cable should be established as a national work, the Governments of Canada, Australia, and New Zealand being joint partners with the Imperial Government.

This arrangement has been slowly developed. It has been generally favoured by all the Governments for some time. The Home Government has frequently been asked to take the initiative in carrying it into effect, but the Colonial Secretary has always insisted that Canada and the Australasian Colonies should take primary action by determining what proportion of the cost of the undertaking each would be willing to contribute.

It has been a matter of much difficulty to reach an agreement on this point, and the difficulty has been enhanced by the great intervening distances and the character of the means of communication, in consequence of which much delay has arisen. At length, however, conclusions have been arrived at. On 20th August last the Australasian Colonies finally agreed to contribute eight-eightieths of the cost, and last month Canada finally undertook to contribute five-eightieths, making thirteen-eightieths in all, thus leaving only five-eightieths to be assumed by the Home Government.

It appears that the Home Government, although it has not absolutely declined to enter into the partnership and assume the remaining five-eightieths share of the liability, has merely offered to bear five-eightieths of any loss of revenue (not exceeding £20,000) which may result from operating the cable, provided priority be given to Imperial Government messages and that they be transmitted at half ordinary rates.

As this proposal, at the eleventh hour, taken by itself, involves an entire change in the well-known plan upon which Australia, New Zealand, and Canada have been proceeding in their negotiations for more than two years, and, moreover, is in itself of no value in securing the establishment of so important a national work, it is impossible to believe that it is the full or the final judgment of Her Majesty's Home Government, for the following reasons, viz. :—

(1.) It would always be regarded as a recession on the part of the Mother-country from a common understanding with Canada, Australia, and New Zealand.

(2.) It would always be regarded as an attempt to retard the expansion and cripple the commerce of the Empire in the interest of a few rich monopolists.

(3.) It would always be regarded by the people of Canada, Australia, and New Zealand as an unjustifiable and discourteous act to them.

(4.) Its effect would be far-reaching, and its immediate effect would be a fatal blow to the scheme for establishing a system of State-owned British cables encircling the globe.

(5.) It would be a very grave retrograde step in the Imperial movement which aims to draw closer the bonds between the Mother-country and her daughter-lands.

Some of the grounds for these reasons may be stated as follows :—

The principle of joint Government ownership was referred to at length at the Ottawa Conference, where Lord Jersey represented the Home Government (see page 67 of the proceedings appended to Lord Jersey's report). Lord Jersey, in his report, alluded to State ownership (page 15), and said that the matter of joint ownership was "left undecided, and indeed must remain so till the two main points of route and cost are settled. Once they are arranged definite agreements become possible." Both these points were shortly afterwards settled. The question of route was settled by sending a Special Commissioner to the Hawaiian Islands to obtain a landing-station. A landing on any one of the islands was refused, and there remained only one route for the cable to follow. The second point was settled by the Canadian Government taking steps, as authorised by the Conference, to ascertain the cost. Both points were thus settled before the end of 1894. Up to that date there was some divergence of opinion as to the best means of establishing the cable—whether by a subsidised company, or a State work to be jointly owned and controlled by the several Governments—but there was no difference of opinion afterwards.

The Canadian Government gave notice, by public advertisement in London and elsewhere, that they were prepared to receive proposals in several forms. The result showed beyond all question that the principle of State ownership was the true principle for establishing this particular work in the interests of the British people.

In 1895 the High Commissioner for Canada and the Agents-General for the Australasian Colonies were charged by their respective Governments to represent to the Colonial Secretary the importance attached to the Pacific cable, and to ask that an Imperial Commission be appointed to promote it. The Colonial Secretary, Mr. Chamberlain, constituted an Imperial Cable Committee, which sat in London in 1896, and reported on 5th January, 1897. The report of this Committee has been published only a few days ago, but some information respecting the decisions and recommendations of the Committee were given to the public directly after it was signed. Among other things published in January, 1897, it was stated in the London, Canadian, and colonial Press that the principle of State ownership was favoured. The full text of the report was sent confidentially