

£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.

The company is unwilling to have this state of affairs changed. They know perfectly well that the telegraphic traffic is steadily increasing, and that as the traffic grows the profits will become still greater. It is easy, therefore, to understand why the company has never viewed with friendly feeling the proposed Pacific cable. Its managers are not willing to divide the business with the new line. They must retain it entirely in their possession. They have secured a rich monopoly, and their desire is to make it even more profitable and to strengthen and perpetuate it.

The Pacific cable has been projected in no spirit of hostility to any company or to any country. It has been advocated as a means of extending to the whole Empire the advantages derivable from the geographical position of the Dominion. Canada offers the connecting link in an Imperial chain of telegraphs encircling the globe. When the project is completed it will bring the Mother-country into direct electrical connection with every one of the great possessions of the Crown in both hemispheres without touching the soil of any foreign Power. Thus, it cannot fail in a high degree to promote Imperial unity. Indeed, it is difficult to conceive how a perfect union, or any union of the whole, is possible without union between the parts. The whole Empire is in strong sympathy with the aims and aspirations which a few years back were limited to a few men of advanced thought. The historical event of last June has shown to the world that "the British people are one people animated by one spirit." It is recognised that we are approaching the period when new relations may be established between the United Kingdom and those younger British communities beyond the seas, known in past history as colonies, but which are passing from colonial tutelage to a higher national status. In order to promote these closer relations, what is more desirable, what more necessary, than that each and all be connected by the appliances which art and science have devised? Canada stands first among the British communities of the outer Empire. Scarcely second to Canada we look forward, in no long period, to welcome the kindred Dominion of Australia comprising under one federal Government half a dozen colonies, each possessing great potentialities. What more in harmony with the spirit of the British people than that Canada and Australia be brought into close communion? Is it not indispensable to vital public interest that those two great units of the Empire—the island continent in the South Pacific and British North America—should possess the means of instantaneous communication one with the other?

The proposition of the Eastern Extension Company submitted to the Conference of Premiers has no such purpose in view. Its object is, indeed, the very opposite. While the consolidation of the Empire demands that the Queen's subjects in Canada and Australasia shall possess all the advantages which the closest telegraphic connection can effect, the policy which animates that company would cause these communities to remain severed? Is such a policy to be commended? Does not the Eastern Extension Company when persistently exercising its manifold and widely ramified influence to keep Canada and Australia disunited assume an attitude of hostility to both countries and to Imperial unity?

In the interests of the Eastern Extension Company the Pacific cable has been declared to be impracticable; its cost has been greatly exaggerated; it has been denounced as a work which could not be maintained without burdensome subsidies; it has been stigmatized as inimical to telegraphy and trade; and it has been decried and misrepresented in every possible manner. The explanation is to be found in the fact that the company is unwilling to relinquish its monopoly and to rest satisfied in the future with a reasonable return for capital invested. On this point the writer is tempted to quote a single paragraph from his address at the Colonial Conference of 1894 as given in the Proceedings (page 85): "The progress and well-being of Canada, Australia, and the Empire cannot be retarded in order that the lucrative business of a private company may remain without change. Even if the chairman of the Eastern Extension Company succeeded in converting us to his commercial ethics—that the profits of the monopoly he represents must be maintained inviolate—it does not follow that the project of a Pacific cable would not be carried out in some form, even if Canada and Australasia abandoned it. There are, indeed, unmistakable signs that a Pacific cable may shortly be carried out by France and the United States. We all know that France has already completed a section of eight hundred miles at the southern end, and the United States has recently expended \$25,000 in making an elaborate survey of about one-third the whole distance from San Francisco (to the Hawaiian Islands). With a rival line in foreign hands it is easy to see that the Eastern Extension would gain nothing, while the Empire would lose much."

With respect to the objections raised by the Eastern Extension Company, they have been completely refuted. The very best evidence shows beyond all question that the project is perfectly feasible; that the cable should be established as a State work; that so established the revenue from business obtainable will be ample to meet every charge, including working-expenses, maintenance, renewal, interest on cost and sinking fund to replace capital; that, in fact, the cable can be established in the most satisfactory manner, and that all its advantages can be attained without any