

Governments concerned that, for a fixed period, they will not subsidise any opposition line connecting any of the places served at present by the associated companies. On their side, the companies undertake to increase their cables whenever necessary to meet public requirements. This principle was to some extent, formally recognised by the Imperial Government, with the approval of the Australasian Colonies, when the Eastern Extension Company's Singapore-Labuan-Hongkong cable was laid in 1894." The qualifying words, "to some extent," are very much needed here, as Article 7 in the agreement between Lord Ripon (then Secretary of State for the Colonies) and the Eastern Extension, &c., Company, concerning the Singapore-Labuan-Hongkong cable runs as follows: "Nothing in this agreement shall affect the right of Her Majesty's Government to grant to the Government of the Dominion of Canada, or of any colony in Australia, permission to lay, or cause to be laid, a submarine telegraph-cable connecting Hongkong with Canada or with Australia, provided such connection with Canada or Australia be completed within five years from the date of this agreement, after which date the exception in this article mentioned shall become null and void."

In Article 4, Her Majesty's Government reserve the right to permit the laying of cables by others, if "such new cables should, in the opinion of Her Majesty's Government, be found necessary in the public interest of Great Britain, Hongkong, the Straits Settlements, or Labuan, or in the general interests of international telegraphic communication."

These quotations, as well as the fact that no subsidy is mentioned in the Singapore-Labuan-Hongkong cable agreement, show that it is always well to verify references.

This attempt to confirm the existing monopoly of the allied companies would, of course, if successful, have the effect of relieving both the Eastern and South African and the Eastern Extension Companies from the awkward position in which they at present find themselves. The Eastern and South African Company would be provided—at Government cost—with an efficient service to the Cape and Natal, and would also be freed from the danger of a competing cable. The Eastern Extension Company would no longer have to count with a competing cable from Canada to Australia, and would, besides becoming independent of the rickety land-lines across Australia, also insure the continuance of the colonial subsidy of £32,400 annually, which would otherwise lapse next year. The suggested method of securing a monopoly, although sufficiently efficacious, and reaching the limits of any demand to which England could by any possibility accede, is not so thorough as that adopted by these allied companies in their dealings with other countries. For instance, to secure their interests in China against a competing American cable from San Francisco *via* Honolulu and the Spanish islands in the Pacific, the Eastern Extension Company, in return for providing an efficient service to Manila from Hongkong (by moving their cable direct into town), exact from Spain a prolongation for twenty years of an absolutely exclusive right to lay cables from Manila to Hongkong, besides the landing rights on all the Spanish possessions in the Pacific. These rights, owing to the result of the war, are probably now of no value.

To turn again to the letters relating to the proposals of the allied companies, we find that, under date of 12th November, 1897, to the Chancellor of the Exchequer, the Marquis of Tweeddale repeats in a modified form that portion of Mr. Pender's letter which relates to carrying the cable from Gibraltar to Cape Town (the subsidy figuring at £20,000 per annum), also the request for land-lines from London to Cornwall. The clause intended to shut out competition also recurs, but, as regards the line to Australia, Lord Tweeddale writes:—

"This proposal, if approved, would leave for after-arrangement the continuation of the cables from South Africa to West Australia, and, in the meantime, would provide the best alternative means of strengthening cable-communication with our African colonies by a cable landing throughout on British territory only, as well as placing the important islands of Ascension and St. Helena in telegraphic communication with Great Britain.

"The triplication of cable communication with South Africa has been decided upon, not on account of any abnormal development of traffic, but because it has always been the policy of these companies to insure the maintenance of communication between all points in their system, more especially between Great Britain and her important colonies; and, although it is improbable that with two lines of communication between South Africa and Great Britain the telegraph-service between these places would ever be totally interrupted for a long period, yet it is considered that with three lines of communication the fear of total interruption would be entirely removed."

The extension from the Cape to Australia is thus shelved for a time. The admission that for satisfactory telegraph service a third line is requisite quite justifies the opinion expressed in a letter of the 22nd March last from the Postmaster-General of Cape Colony, who says, "I would wish to remark that, in my opinion, no subsidy should be given by the Cape in connection with the revised scheme, as the traffic receipts at the present time appear to warrant the laying of an additional cable on commercial grounds alone, without the aid of a subsidy from the Cape, or Natal, or any State or colony in South Africa. At all events, if the Eastern Company does not lay a third cable, it will be worth while for some other company to do so, and this would lead to competition in rates, which would undoubtedly be beneficial to South Africa." The opinion thus expressed by Mr. French in this letter is justified by the information given in his note attached to a telegram from the Agent-General of the Cape to Sir Gordon Sprigg, under date the 9th March, from which we quote: "I have not as yet been able to obtain reliable information as to the total value of the South African cable traffic during the year 1897, but, although it will not probably (owing to the depression in the Transvaal) reach the very high total of £300,000 attained in 1896, I have little doubt that it will exceed considerably the limit of £180,000 fixed by the late Sir John Pender as a paying revenue for the existing cables." Mr. French, in his note, also protests against giving a practical monopoly to the Eastern Company, by which they would be in a position to refuse that reduction of the present rates, which will be expected from the company in the near future.