

19. Mr. Chamberlain, when receiving the companies' deputation, expressed the opinion that the companies' fear that the Government was entering into this competition without regard to its own profit or loss was entirely groundless. I respectfully submit that I have shown the contrary. Mr. Chamberlain concluded by saying, "If any Government were mad enough, or the House of Commons were inclined to allow any Government, to spend the money of the taxpayers in order to enter into a violent competition for the purpose of destroying a private industry, then, no doubt, your position would be a dangerous one; but that idea appears to me to be wholly chimerical. The Government is not at all likely to do that. If any Chancellor of the Exchequer were found weak enough to allow it, the House of Commons would step in and prevent it."

I regret that I cannot believe that these fears are chimerical, and can only hope that the Chancellor of the Exchequer, or the House of Commons, will prevent a competition so disastrous and unjust.

I have, &c.,

The Right Hon. the Earl of Selborne, P.C., &c.,
Under-Secretary of State for the Colonies.

TWEEDDALE, Chairman.

No. 58.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

2nd August, 1899.

(Memorandum.)

PACIFIC CABLE: Referring to my memorandum of the 29th ultimo, I beg herewith to enclose duplicate copies of the letter from the Colonial Office to the Marquis of Tweeddale, dated 10th July, and of His Lordship's reply of 19th July. I take this opportunity of enclosing copy of the Eastern Telegraph Company's letter to the Marquis of Salisbury, of the 17th May last, which is referred to in the Colonial Office letter of 10th July.

WALTER KENNAWAY (for the Agent-General).

The Hon. the Premier, Wellington.

Enclosure in No. 58.

The Marquis of TWEEDDALE to the Marquis of SALISBURY.

Eastern Telegraph Company (Limited) and Eastern Extension, Australasia, and China
Telegraph Company (Limited), Winchester House, 50, Old Broad Street,

MY LORD MARQUIS,—

London, E.C., 17th May, 1899.

Referring to the letter addressed by the Colonial Office to the Agents-General for the Australasian Colonies and the High Commissioner for Canada on the 28th ultimo [Enclosure in No. 42, F.—8, 1899], and which has recently been published, in relation to the all-British Pacific-cable project, I desire respectfully to submit to Your Lordship the very grave objections which the Eastern and Eastern Extension Telegraph Companies entertain to the proposals contained in that letter.

I do not, of course, question the right of Her Majesty's Government to make any arrangements required in the interests of the Empire, whatever effect such arrangements may have upon private enterprise—always assuming that due compensation will be made for interference with private rights—but I venture to point out 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.

I would remind Your Lordship that Her Majesty's Postal and Telegraph Department has hitherto always acted upon the principle of alliance, and not interference, with private enterprise; and I beg to draw your attention to the language used by Mr. Raikes and Mr. Fawcett, when Postmasters-General, and by Mr. Lamb, to show that the arrangements now contemplated are without precedent (Pacific Cable Committee Proceedings: Questions 1930, 2216 to 2221, 2230 and 2231.) [Not printed: presented to British Parliament, April, 1899.]

In this connection I would venture to observe that there is no difference in principle between Her Majesty's Government entering into direct competition with a private company and subsidising colonial Governments to enable those Governments to embark in such competition.

But I especially desire to urge upon Your Lordship the absolute inadequacy of the grounds upon which this serious interference with private enterprise is based. The all-British Pacific cable is stated to be required, primarily, to facilitate telegraphic communication between Australia and Canada; and, secondarily, the Australasian Governments expect indirectly to obtain by it a reduction of the cable charges. The total Australasian cable traffic was reported by the Committee to be about 1,860,000 words per annum.

Now, the only evidence laid before the Committee with regard to the cable traffic between Canada and Australasia was that in September, 1896, the number of messages exchanged between the two countries was thirty-five. This at an average of thirteen words to a message would represent 5,460 words per annum, which at the present tariff of about 6s. 3d. per word would amount to £1,706 per annum. For this trifling traffic it is proposed that the Imperial Government should give a guarantee of £20,000 a year; and the Canadian Government even urges the Imperial Government to provide a capital sum of, roundly, half a million sterling, and proposes itself to expend a similar amount. The Australasian traffic with the United States, according to the same evidence, may amount to about 100,000 words per annum, but even this—which is only about 5 per cent. of the Australasian traffic—is in itself wholly inadequate to justify the laying of a Pacific cable.

It should also be remembered that the Australasian Colonies are by no means unanimous in support of the Pacific-cable project, and that South Australia submitted to the Committee a