

In my report on the tenders of date November 20th, 1894, I mentioned in the last paragraph that in my opinion it was expedient to make provision for protecting the core of the cable, under certain conditions, from the ravages of marine life. The letter of the above-named copy which you have referred to me gives the assurance that all types of cable proposed to be laid by that firm will be provided with proper protection, that in fact all cables laid in less than one hundred fathoms are to have the core sheathed with metallic taping as a protection against the teredo. This assurance removes the objection which I raised.

In my report of November 20th all the tenders referred to were for the supply of cables having a speed capacity of 12 words per minute. For route No. 1 the price of the India-rubber, Gutta-percha, and Telegraph Works Company is, including maintenance for three years, 1,517,000*l.* In the letter of this company of the 22nd November it is stated that higher speed cable will be furnished for this route at the following prices, viz. :—

A 15 word per minute cable for 1,672,000*l.*

An 18 word per minute cable for 1,880,000*l.*

Compared with estimates previously made these prices must be held to be moderate. My own estimate for a cable on this route (No. 1) as given in your report on the mission to Australia (page 69) is 1,978,000*l.*; and the estimate furnished the Colonial Office, London, by the General Post Office authorities (see Appendix to the same report, page 79) is 2,924,000*l.* Neither of these estimates include maintenance for three years; moreover, the estimate from the General Post Office does not include a connexion with the mainland of Australia which would probably be estimated at 200,000*l.* additional.

We thus have in the tender of the India-rubber, Gutta-percha, and Telegraph Works Company a definite offer to lay and maintain for three years a cable from Vancouver to Australia and New Zealand with a speed capacity 50 per cent. higher than the cable referred to by the General Post Office authorities, and for a sum 1,244,000*l.* less than their estimate without any allowance for maintenance.

I have, &c.
SANDFORD FLEMING.

Hon. Mackenzie Bowell,
Minister of Trade and Commerce.

APPENDIX C.

THE PACIFIC CABLE AS A PUBLIC UNDERTAKING OWNED BY GOVERNMENT.

(a.)

Extracts from Mr. Fleming's Address at the Colonial Conference, 1894.

"There are two distinct methods by which the Pacific cable may be established, viz. :—

"1. Through the agency of a subsidised company.

"2. Directly by Government as a public work.

"I have given this branch of the subject long and earnest attention, and I have arrived at conclusions which to my mind are confirmed by every day's experience.

"At one time I favoured the first method. It has been customary to have enterprises of this character carried out by companies, and it seemed to have been assumed that there was no other way by which the work could be accomplished. However, when it is considered that in the United Kingdom in India, in the Australian Colonies, and in a great many foreign countries the telegraphs are owned and worked by Governments, there appears no good reason why Government ownership should be confined to land telegraph. No doubt it would give least initial trouble to Governments to offer liberal subsidies in order to have the telegraph across the Pacific laid and owned by a company, but I am perfectly satisfied that in the long run the second method will be found in every respect more advantageous. The interests of a company and the public interests are not identical; they are in some respects the very opposite. While the primary object of a company is to exact from the public as much profit as possible, the interests of the public, on the other hand, are to secure cheap telegraphy, and to have it as free and untrammelled as possible. Suppose, for example, that a large subsidy be granted, such a subsidy as Sir John Pender has declared to be necessary, and that the whole undertaking passed over to the Eastern Extension Company to carry out, would not the effect be to confirm and perpetuate the telegraphic monopoly which at present exists between Australia and the outer world? Would it not simply shut out all prospect of obtaining the reduced charges to which we may confidently look forward to; would it not contract intercourse, instead of providing the fullest opportunity for its free and full expansion, so much to be desired? I look forward to the time, and I do not think it is far distant, when, if a wise and prudent course be followed, the telegraph will ramify in many directions