

The Pacific cable would, however, now have to compete with these very existing lines; which, whatever the case may have been when they were initiated, are now, and for many years past have been, assisted by annual subsidies, a fact not touched upon in the article in the *Times*. Altogether the existing companies which would compete directly or indirectly with the Pacific cable have received in subsidies from various sources up to the present time more than £2,100,000, an amount much in excess of the capital required for a Pacific cable. Of the above amount the Eastern Extension Company alone have received about £643,000, and the African lines, which form an alternative route, £1,397,000.

Then, taking the present traffic between Europe and Australasia to be 1,300,000 words, as given in the *Times* article, and looking on one-half this traffic as going to a Pacific cable, at the sum lately mentioned by Mr. Sandford Fleming—viz. 2s. per word—as the rate for the Pacific cable (after outpayments of 1s. 3d. have been deducted) it would give for the first year's traffic £65,000; but the reduction of the rates from Australasia to Europe (from the present 4s. 9d. per word to 3s. 3d. per word) would naturally bring about a large increase of traffic. Taking this increase as an additional 25 per cent. on the estimated number of words passing over this cable between Australasia and Europe the amount would come to £91,250. As, however, the tariff for the Canadian and American traffic to and from Australia would be cheaper by the Pacific than by the existing routes (by about 1s. per word), this traffic would certainly pass through the Pacific cable. Besides, the traffic from and between the islands at which a Pacific cable touched should be added. Estimating the traffic from these sources at £15,000 for the first year, a total traffic of £96,250 may reasonably be looked for in the first year's working.

Mr. Sandford Fleming states that the normal increase of traffic under the old 9s. 4d. rate between Europe and Australia was 14 per cent. per annum; but taking it only as 12½ per cent., we have for the second year the amount of £108,280, and so on progressively in each succeeding year, as long as the rate of increase of traffic remains the same.

It is therefore obvious that the protest against the proposed cable is largely based upon fallacies. If the reasons urged by those who have so long enjoyed a monopoly should result in her Majesty's Government not giving the assistance required, the competition dreaded would not be prevented but transferred to a company under