

They show that during 15 years (1875-90) of high tariff (9s. 4d. per word) the increase in the number of words was 251.8 per cent., and that during the three years 1891-92-93, in which period the rates were reduced to 4s. and 4s. 9d., the increase over 1890 was 69.2.

For the whole period covered by these statistics the increase is 496 per cent.

From these figures of per-centage it appears: 1st, that during the period 1875-90 the growth of business under a 9s. 4d. tariff was equal to an annual average of 16.8 per cent.; 2nd, that under a 4s. and 4s. 9d. tariff the average annual growth from 1890 to 1893 (three years) was 23 per cent.

Your estimate of 14 per cent. increase appears, in the light of these facts, to be a very conservative one.

II.

How much of the business could a cable competing with the existing one hope to secure?

(a.) A telegram from Melbourne to London by the existing line has to travel 13,695 miles of wire, of which 2,704 miles is in Australia, and is, therefore, land wire. The land wire in Asia is, I judge, about 1,000 miles more of wire.

A telegram from Melbourne to London *via* Canada would travel 14,414 miles, of which 3,764 would be land wire.

In respect to the greater danger of stoppage and delay from land wire, the two lines would be, practically, on an equality.

(b.) Your estimate is that one half of the words sent by cable between Australia and the rest of the world would be sent *via* the line across Canada.

According to the return of 1892 there would be, on this estimate, 660,706. But some portion of the total of 1,321,412 words must be Asiatic business, since Australia imports of tea alone 33,000,000 lbs. a year, direct from Asia. From various data I estimate the Asiatic business at one-eleventh of the whole. Deducting this, we have 1,191,000 words to represent European business, of which the new proposed route would stand a fair chance to secure one-half. I would, therefore, place the estimate at 595,000 (or 600,000) words instead of 637,595.

Taking this estimate and applying to it the 16.8 per cent. increase, the estimate for 1895 would be 695,000 words, or 31,860 less than your estimate. For 1896 it would be 811,760 words, or 4,362 less. In 1897 it would be 948,000 words, or 42,000 more than your estimate. My calculation would give fewer words for 1895 and 1896 and more words for 1897, and still more in succeeding years.

I have taken the per-centage of the period when the tariff was 9s. 4d. per word. If the per-centage under a 4s. tariff were taken, the growth would be much greater, and undoubtedly the result of a reduction in the rates would be an increase in messages, as the table above given shows.

I have not dealt with the development of business between North America and Australia, which must in the nature of things be very great when facilities are provided, and will also be tributary to the Pacific cable.

Yours, &c.
GEORGE JOHNSON,
Statistician.

Samuel Fleming, Esq., C.M.G., C.E.,
Ottawa, Ontario.

(c.)

Letter from J. M. Courtney, Esq., Deputy Minister of Finance.

Department of Finance, Ottawa,
1st December 1894.

DEAR MR. FLEMING,

I HAVE read over very carefully and, I may say, with a great deal of pleasure the blue books and documents you left with me for perusal in connexion with the scheme for laying a Pacific cable to connect this country and Australasia. Both from the fact that it is the pioneer Pacific cable scheme and also from the magnitude of the work itself, the consideration of the subject is to me exceedingly interesting, especially as it has such an intimate bearing on the expansion of the Empire.

In writing to you now, however, I wish to be very careful and to guard the position I take from misconception. I can, of course, have nothing to do with the policy of the Canadian Government, and in the present financial condition of the Continent I could not, if the matter were referred to me, on general principles, recommend any scheme that would increase the liabilities of the Dominion either directly or indirectly. From the examination of the facts and figures, however, submitted by you I may say I have arrived at the same conclusion as yourself as to the cost of laying down the cable, and, in my judgment, the conclusion arrived at cannot be regarded as over-anguine or forced in any way.

As to the calculations of revenue, I have, of course, taken your own method, and have divided by two the number of words sent in 1892, taking one half to come over the new cable. But, as it appears from the documents submitted, the cable could not be in operation for three years yet, or until 1898, even if commenced at once, and taking the average annual increase in the messages at 15 per cent. the estimate of the work to be done is, to my mind, very low.