

THE DOMINION TELEGRAPH COMPANY.

To the Canadian public generally, who are interested in having a healthy competition in the telegraph business, and to the stockholders of the Dominion Telegraph Company in particular, it will be highly satisfactory to know that there is a probability of the resumption of operations by this Company.

We have received a letter and circular from Mr. Cayley, the President, who informs us "that a satisfactory settlement has been effected with their late contractor, Mr. S. Reeve, involving the surrender of his contract, the transfer to the Company of the line built from Suspension Bridge to Toronto, and the cessation of all connection between Mr Reeve and the Dominion Telegraph Company.

"The extension of the Company's lines westward to the St. Clair, and eastward to Montreal and Ottawa, will be offered to public tender, and proceeded with as rapidly as funds will permit.

"To enable the work to be prosecuted with vigour, the Directors have determined on a call of 10 per cent. for the month of September, payable on or before the 15th inst. to the Treasurer, Hon. M. C. Cameron, Toronto.

"To ensure efficiency in the construction and management of the work, the Directors are now in negotiation for the engagement of an experienced Telegrapher, under whose management the line will be placed."

The following are the contents of the circular, dated 11th inst.:-

"It is impossible within the ordinary limits of a circular to give more than the outlines of a transaction. In the accompanying letter we have limited ourselves to the simple statement that we have settled with our Contractor, put an end to his contract, and are prepared to carry on the work upon the most advantageous arrangements to be effected by public tender. The Directors desire, however, through those who have taken an active interest in the enterprise, to give all the information which can be desired with regard to the proceedings. The confidence of the Directors (in the goodness of the enterprise) has never been shaken, but it became evident to them at an early period, that, owing to the persistent attacks made upon the Contractor, Mr. Reeve, a change in that quarter was inevitable. It was to be expected that that gentleman would be slow to arrive at the conclusion that his further connection with a work which he had himself originated was a bar to its successful prosecution. When Mr. Reeve became satisfied upon this point, he declared himself ready to withdraw upon being paid for the work performed, and protected in the engagements which he had entered into with the press and printing establishments, under the expectation of his having to carry out the entire work to its completion. Admitting the reasonableness of this claim, the Directors made the offer of paying for the line built from Suspension Bridge to Toronto, a distance of 113 miles, at the original contract price of \$250 per mile, and to appropriate \$7,000 of stock to the payment of the engagements above referred to, and which were principally made payable in that shape. Upon this basis, after a good deal of negotiation, a settlement has been effected. Beyond the original 5 per cent. paid to Agents and preliminary expenses and the settlement above referred to, the Company so far have been at no expense and have incurred no liability. Our business arrangements with the Companies connected with us in the neighbouring States have been working very satisfactorily, and the alliance recently formed between the Atlantic and Pacific Telegraph Company and the French Cable Company, places us on a footing of perfect equality with the Montreal Company and its connection, the Western Union of the State of New York."

We are glad to see that at last this unfortunate enterprise has some prospect of success. The charges which we urged against it nearly a year ago, have at length been most completely proven by the dismissal on the part of the Directors of Mr. Reeve, the contractor. The President says in his circular, that "it became evident to them at an early period that a change in that quarter was inevitable." How early this change would have become evident, had it not been for our expose of Mr. Reeve's manipulation of these self same Directors, we need hardly imagine; it will be sufficient to say that it took us some months to prove to the Directors that we were right in discrediting Mr. Reeve, and it has taken them nearly a year to accomplish what they say became evident to them so early! Without egotism we think we may fairly claim the credit of saving the stockholders and the public generally, from a very outrageous swindle; and the Directors themselves owe us their hearty thanks for having opened their eyes, and thus enabled them to rescue themselves from a trap, which would certainly have involved their fair name and character.

But all this is past and gone, and we must now look to the future of this commendable enterprise. Having followed our advice in getting rid of Mr. Reeve, we

now think the scheme entitled to public confidence; but before responding to the appeal which the President makes to the stockholders and the public, there are some matters which should be considered.

Inasmuch as the representations of Mr. Reeve were found to be quite unreliable in relation to the contract, it is to be presumed that his figures on other matters are quite as unsafe. It will be therefore necessary for the Directors to ascertain what are the prospects for a new Telegraph Line paying a fair interest on the investment, before they can expect to get subscriptions. The figures upon which the bulk of the original stock was subscribed, were, it was well known, entirely fallacious; and the Directors should make a new showing of what they expect to accomplish, and base their conclusions upon statistics of a reliable character. They need not expect that the public will either respond to their call, or take new stock on the mere supposition that an opposition Telegraph Line will pay, because either they or Mr. Reeve say so. They must give a reason for the faith that is in them. Without for one moment impugning the entire reliability of the President and Directors, we submit that their connection with the Dominion Line, has neither served to increase confidence in their knowledge of telegraphy, nor in the extent of their business capacity generally; and it does seem to us but fair, that inasmuch as the first prospectus of the company contained only Mr. Reeve's figures, that something else of a more reliable character is needed, before people can be reasonably asked to part with their money. The Montreal Line have largely extended their facilities, and have reduced their tariff to a point, beyond which it is doubtful if there is much profit, and it is certain that for some time to come at least, they would so much further reduce their rates, that a long period must elapse before a new line could more than pay expenses—if that.

Again, the company have had in active operation for the past six or nine months their line from the Suspension Bridge to Toronto, equal to 113 miles, according to their own statement. It is well known that this is the most profitable portion of the Montreal Company's lines, inasmuch as the immense volume of telegraphic business between the entire Western section of the Province and the United States must find an outlet in this direction, while the numerous towns along the line create a large local traffic. It will, therefore, be not unfair to ask the Directors for the figures of the earnings of this branch of their line as an indication of what dividend may be expected when the balance of the line is completed. The Directors have assumed this portion of the line—113 miles—from the contractor at \$250 per mile,—so that it will cost the company say \$28,000, and if the Directors will tell us that this portion has been paying ten per cent. interest, or say \$2,800 per annum over expenses, it will enable them to ask further instalments with some degree of reason. But if it is a fact, as we understand it is, that the line has actually not paid expenses, that operators were discharged for want of work, we submit it is hardly fair to keep this important fact secret, when asking for more money from the public. It is a most natural conclusion that if the best part of the line will not pay working expenses, it is impossible that portions less favorably situated will do better. The connections with competing lines on the other side of the border have been in working order all the time, and there is no reason why the Dominion line between Toronto and the Bridge should not have yielded as good returns in the past six months as it will do in the next. Consequently, if the Directors will state what its earnings really were, the public will have some data by which to judge its desirability as an investment.

The President informs us that they are "negotiating with an experienced telegrapher," under whom they anticipate "efficiency in the construction and management of the line." We hope these negotiations will soon be concluded, and the name of the gentleman announced. The directors once retained Mr. Martin Ryan for this position, and retained him till we pointed out his utter unfitness for the position; and the middle which they got themselves into with Mr. Reeve shows how easily they can be imposed upon, and how readily they are disposed to take the first man that comes along, however bad his antecedents or meagre his qualifications. Judging by the past, it is, therefore, hardly safe to entrust these directors with money until they let us know whom they have selected to spend it and be its custodian. Until the name of some well-known and experienced telegrapher

is announced as their manager, we counsel our friends throughout the country to wait before parting with their money. The whole success of the enterprise depends upon the practical man whom the directors secure to manage it. If they get a man of doubtful reputation, or doubtful capacity, as all their previous selections have been, the shareholders might just as well throw their money into the lake as to expect any return. We have heard it remarked more than once by eminent telegraphers that no line in the world had been better managed than the Montreal Company, it having paid a continuous dividend ever since its commencement, what no other known land line has ever done; and with all its experience, capital, efficient staff and extended connection and facilities, the "coming man" to compete with them must be one of whom there is no doubt. Who is it to be? It surely can't take long to complete the negotiations and let us know.

The circular of the President concludes with a reference to the United States connections, and the French Cable. The latter, we understand, is earning one-third of one per cent. on its outlay, which is hardly tempting enough for outside people to venture into telegraph enterprises. Among the United States connections, we see that the President refers to the Atlantic and Pacific Company. This line it is true is in working order—built by Mr. W. D. Snow, son of the "original Josiah"—but the circumstances under which it was constructed are such, that if known to the public would be sufficient to warn them against going blindly into telegraph schemes. We have not space now to enumerate these circumstances but may do so on some future occasion. It will be sufficient for the present to draw attention to the annexed paragraph, cut from the daily New York papers of 15th inst., referring as it does to the Western end of the Atlantic and Pacific line.

"SAN FRANCISCO, Sept. 14.—The Western Union Company have purchased the lines of the Atlantic and Pacific States Telegraph Company for about 80 per cent. of their actual cost of construction. By this arrangement the old company is enabled to increase its facilities for doing business at once; instead of waiting for the construction of new lines over the same territory, which they had in contemplation. The purchased property was all new within the year, and in excellent condition. Its late owners complain bitterly of their heavy losses in the efforts to give the public competing telegraphic communication."

The possibility of some such fate for Canadian stockholders of the Dominion line, as foreshadowed in the above, must be our excuse for strenuously urging the considerations which this article contains upon the Directors and the public.

WILL THEY NEVER LEARN WISDOM?

WE refer to the people of the United States in regard to their commercial policy. Every week or two comes a melancholy wail from one or other of their leading journals regarding the decadence of their commerce, or the all but total cessation of ship-building in their once busy dock-yards. The New York Times has given utterance to the latest groan, and its burden is, that the American people have nearly ceased to make vessels altogether. In passing through the ship-yards of New York in the month of September, a few years ago, the writer counted thirty-two new vessels either wholly or partly finished; this year there was but one solitary vessel in course of construction—it being

"Like the last rose of summer,
Left blooming alone."

Their loss of the carrying trade, our friends have almost persuaded themselves, arises from the depredations of the *Alabama*, and that but for that "Anglo-rebel" cruiser, their flag would to-day be found floating on almost every sea. But the misdeeds of that vessel, however deeply to be regretted, cannot be said by any stretch of imagination to have destroyed their ship-building interests. The real truth of the matter is, the *Alabama* is neither the cause of their retrogression in the one case or the other. We do not doubt that the depredations of the *Alabama*, whilst they lasted, inflicted grave injury on American commerce, and that the shippers of the world did shun American bottoms for the time being. But it is now several years since the war ceased. Had our neighbours been in the position to do the carrying trade, or carry on foreign commerce, they once were, these interests of the Republic would have almost entirely revived before September, 1869; but what is the fact? Why, instead of reviving, their foreign commerce seems daily getting into a worse plight than ever! We must consequently seek for the cause