

amount to 1s. 6d. (1s. for the Atlantic cables and 6d. for the Canadian and Australian land lines), there would be only 1s. 6d. left for the Pacific cable instead of the 2s. relied upon by Mr. Sandford Fleming, and this discrepancy materially affects your figures.

Moreover, any calculations based upon such an unknown quantity as the "normal increase of traffic" cannot be at all reliable, as the circumstances are constantly changing. For example, the growth of traffic with Australasia during the year ending April 30, 1892, was only 8.34 per cent. over that of the previous year, and in the following year, ending April, 1893, it was less than 6 per cent., as compared with 1892, showing that Mr. Sandford Fleming's estimate of a *minimum* 12½ per cent. is quite misleading.

It is equally unsafe to rely too closely on calculations of increase resulting from reductions of tariff, experience having unfortunately shown that on more than one occasion a falling-off of traffic has actually taken place after a substantial lowering of rates, instead of a considerable increase, such as your paper indicates would result if the Australian tariff were reduced from 4s. 9d. to 3s. 3d. per word.

Then, again, your description of the existing system as a "monopoly" cannot be justified, seeing that it has never received any exclusive landing rights from the Australian Governments, but has had to rely upon the business-like and economical principles upon which it has been established and worked for its freedom from competition. In fact the field has always been open to all comers to compete with us, and upon equal terms I should have nothing to say against it, but supported by Government aid it would be quite another matter; and if a Pacific cable were established on this basis and the pioneer company, which has done so much for the Australasian Colonies in providing them with perhaps the best submarine service in the world, were ignored, it would certainly be disastrous to private enterprise, and the Governments interested could not in common fairness adopt such a course without granting similar pecuniary assistance to the existing system.

No doubt a single cable could be constructed and laid for £1,800,000, and it would undoubtedly materially benefit the cable manufacturers, but no company who knew anything about the business and would be held responsible for carrying it through could undertake the work with any prospect of making it pay on the terms of the Wellington Conference resolution.

At the present moment, however, the proposed cable is not really needed for commercial purposes, and therefore the expenditure of nearly two millions sterling, when neither the Imperial nor