Or should the Imperial Government, by an arrangement with the Colonial Governments, itself guarantee the whole amount, the total subsidy may be considerably reduced, as the Imperial guarantee would enable the Company to find capital at a lower rate of interest. With such guarantee a total subsidy of £90,000 for twenty-five years would suffice, and thus reduce the annual contributions.

The subsidy mentioned is calculated to pay interest on borrowed capital, and provide a sinking fund for its repayment in twenty-five years.

As the Company would transmit all the messages of the various contributing Governments free, and the rates chargeable to the public for "through" messages would not be more than one half the present regular tariff charges, Great Britain and the Colonies would save a much greater sum than the amount of subsidies above proposed.

If the several Governments agree to pay over to the Company a percentage of the gross savings which would thus be effected by each country, the Company could still further reduce the charges to the public.

We have the honour to be,

Sir,

Your obedient Servants,

DONALD A. SMITH.
RANDOLPH C. WANT.
ANDREW ROBERTSON.
MATTHEW GRAY.
SANDFORD FLEMING.