

*The Earl of Carnarvon to the Earl of Dufferin.*

My Lord,

Downing Street, November 19, 1874.

WITH reference to my despatch of the 29th of October,\* I transmit to you, for your information, and for communication to your Ministers, a copy of a despatch† which I have addressed to the Governor of Newfoundland with regard to the power possessed by the Newfoundland Government under Section 15 of the Newfoundland Act No. 2 of 1854, to purchase the lines of telegraph and other property of the New York, Newfoundland, and London Telegraph Company with the view of terminating the monopoly conceded by that Act.

I have, &c.  
(Signed) CARNARVON.

Inclosure in No. 4.

*The Earl of Carnarvon to Governor Sir Stephen Hill, K.C.M.G.*

Sir,

Downing Street, November 17, 1874.

I INCLOSE, for your information, and for communication to your Ministers, a copy of a despatch which I have addressed to the Governor-General of Canada with regard to the reserved Bill of the Dominion Parliament "to regulate the construction and maintenance of Marine Electric Telegraphs."\*

2. Until the course to be taken by Her Majesty's Government in this matter had been decided, I thought it expedient to defer answering you despatch of the 9th May, in which you inclosed a Minute of your Executive Council inquiring whether Her Majesty's Government would, upon terms to be hereafter agreed upon with the local Government, undertake the purchase claimed by the Government of Newfoundland under the Act, cap. 2, of 1854, incorporating the New York, Newfoundland, and London Telegraph Company, with the view of terminating the monopoly conceded by that Act.

3. The decision which has been arrived at to take no action with respect to the Dominion Reserved Bill, in order that, if thought desirable, a fresh Bill may be introduced next session, would seem to render it unnecessary, or perhaps impossible, to decide at the present moment whether the Newfoundland Government should take any steps to terminate the monopoly under the provisions of the Act, cap. 2, of 1854.

4. In the event, however, of a sum of money becoming payable either by arrangement or award for that purpose, Her Majesty's Government do not perceive that they could properly invite Parliament to contribute a portion of that payment.

5. But, having regard to the conflicting legal opinions to which you refer in your despatch, I have thought it desirable, in the interests of your Government, to consult the Law Officers of the Crown as to the subject matter comprised within the power to purchase conferred upon the Newfoundland Government by section 15 of the Act above referred to, that is to say, whether that Government could claim to buy out the whole interest of the Company for the actual appraised value of the telegraph lines, wires, cables, apparatus, vessels, and all other appliances connected therewith, or whether any further claim could be made by the Company for compensation for the loss of the monopoly which would be terminated by such purchase, or for any other right or interest conveyed by the Act, and further as to the course which it might be advisable that the Government of Newfoundland should take with a view to determine its power to purchase.

6. I am accordingly advised that the expressions "other property" and "all other property connected therewith," used in the 15th section of the Act of 1854, were intended to comprise merely property of the same nature as the property mentioned in the parts of the section immediately preceding those expressions, and therefore that, upon payment of the amount awarded as to the value of the telegraph lines, wires, &c., under the provisions of the above-mentioned section, the undertaking of the Telegraph Company will become vested in Her Majesty, and that the Telegraph Company will not be able to insist upon the Arbitrators or Umpire awarding an amount of compensation for the good-will of the concern or the loss of the monopoly. If it had been the intention