undoubtedly be given to telegraphy and general business by the large reduction in charges.*

There cannot be a doubt that the earnings will go on greatly increasing, while the working expenses will increase but little. It would not be at all a high estimate to double the net earnings in a very few years. This would give 9 per cent. on the whole share capital, and it may be assumed as certain that the increase would continue year by year.

I have explained that a subsidy is needed for the purpose of securing a million and a half of pounds at a low rate of interest. If the Government subsidies be sufficient to provide a sinking fund to pay off the £1,500,000 in twenty-five years, it would be proper to carry all excess of revenue over a given dividend, say over 7 or 8 per cent., to the Restoration Sinking Fund.

It will be noted, as one of the proposed conditions, that not only will the charges on messages be reduced to less than half the present rates, but that messages sent by any Government shall be transmitted free to the full amount of its subsidy. This feature will place it in the power of each contributing Government to receive directly back each and every year its full proportion of the subsidy contributed.

I respectfully submit that the scheme above outlined is perfectly practicable; it will no doubt find warm and active hostility on the part of those pecuniarily connected with the

---

* Referring to the recent great reduction in charges between London and New York, the Report of the Directors of the Direct United States Cable Company for the six months ending 30th June last states: "So far the reduction has resulted in more than doubling the volume of traffic, and the Directors are not without hope that with a revival of trade it may be still farther increased." The Report of the Anglo-American Telegraph Company also states that the traffic has increased over 110 per cent. since the rates were reduced.