

existing telegraph company—those whose policy has been to maintain high rates in order to secure large profits. Such objections as they may offer should have little weight in view of the great Imperial and Colonial advantages which the new undertaking will secure. The better policy for the companies to adopt will be to lower charges on messages and derive profits from the greatly augmented business which will certainly follow.*

The terms and conditions which I have indicated would undoubtedly command the organisation of a substantial and energetic Company to carry out this new and important undertaking in the most satisfactory manner.

I have the honour to be, Sir,

Your obedient Servant,

SANDFORD FLEMING.

* Since the date of this letter the Reports of the Associated Atlantic Cable Companies for the past half-year have been published. They generally favour this new policy. The low tariff introduced has resulted in a very much larger augmentation of traffic than was anticipated as a first result. "The unexpected increase in the volume of traffic immediately upon the introduction of the sixpenny tariff has induced the Directors to consider the expediency of adopting permanently a system of low rates. . . . It is obviously their interest to encourage a very large traffic at low rates."—*Report A. A. Tel. Company.*
