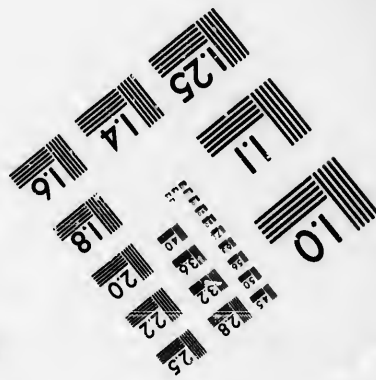
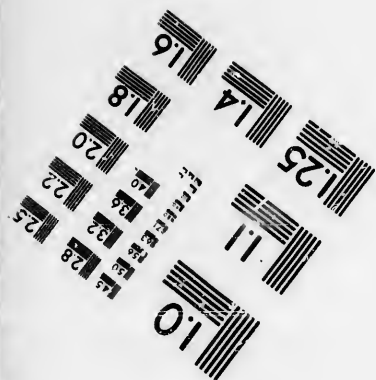
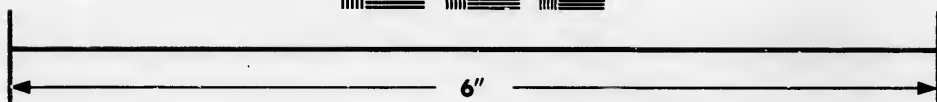
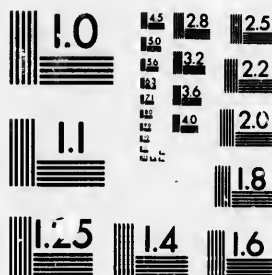


# IMAGE EVALUATION TEST TARGET (MT-3)



Photographic  
Sciences  
Corporation

23 WEST MAIN STREET  
WEBSTER, N.Y. 14580  
(716) 872-4503

**CIHM/ICMH  
Microfiche  
Series.**

**CIHM/ICMH  
Collection de  
microfiches.**



**Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques**

**© 1986**

# Technical and Bibliographic Notes/Notes techniques et bibliographiques

The institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

- ☒ Coloured covers/  
Couverture de couleur
- ☐ Covers damaged/  
Couverture endommagée
- ☐ Covers restored and/or laminated/  
Couverture restaurée et/ou pelliculée
- ☐ Cover title missing/  
Le titre de couverture manque
- ☐ Coloured maps/  
Cartes géographiques en couleur
- ☐ Coloured ink (i.e. other than blue or black)/  
Encrs de couleur (i.e. autre que bleue ou noire)
- ☐ Coloured plates and/or illustrations/  
Planches et/ou illustrations en couleur
- ☐ Bound with other material/  
Relié avec d'autres documents
- ☐ Tight binding may cause shadows or distortion along interior margin/  
Le reliure serrée peut causer de l'ombre ou de la distorsion le long de la marge intérieure
- ☐ Blank leaves added during restoration may appear within the text. Whenever possible, these have been omitted from filming/  
Il se peut que certaines pages blanches ajoutées lors d'une restauration apparaissent dans le texte, mais, lorsque cela était possible, ces pages n'ont pas été filmées.
- ☐ Additional comments:/  
Commentaires supplémentaires:

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- ☐ Coloured pages/  
Pages de couleur
- ☐ Pages damaged/  
Pages endommagées
- ☐ Pages restored and/or laminated/  
Pages restaurées et/ou pelliculées
- ☒ Pages discoloured, stained or foxed/  
Pages décolorées, tachetées ou piquées
- ☐ Pages detached/  
Pages détachées
- ☒ Showthrough/  
Transparence
- ☒ Quality of print varies/  
Qualité inégale de l'impression
- ☐ Includes supplementary material/  
Comprend du matériel supplémentaire
- ☐ Only edition available/  
Seule édition disponible
- ☐ Pages wholly or partially obscured by errata slips, tissues, etc., have been refilmed to ensure the best possible image/  
Les pages totalement ou partiellement obscurcies par un feuillet d'errata, une pelure, etc., ont été filmées à nouveau de façon à obtenir la meilleure image possible.

This item is filmed at the reduction ratio checked below/  
Ce document est filmé au taux de réduction indiqué ci-dessous.

10X	14X	18X	22X	26X	30X
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12X	16X	20X	24X	28X	32X

The copy filmed here has been reproduced thanks to the generosity of:

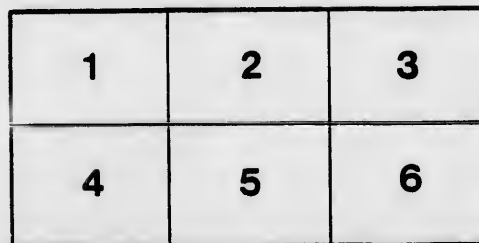
New Brunswick Museum  
Saint John

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol → (meaning "CONTINUED"), or the symbol ∇ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

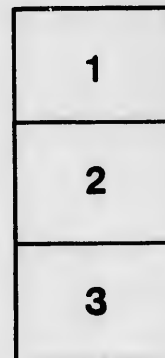
New Brunswick Museum  
Saint John

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole → signifie "A SUIVRE", le symbole ∇ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.





1326, no 15

July

# CHARTER

OF THE

New York, Newfoundland

AND

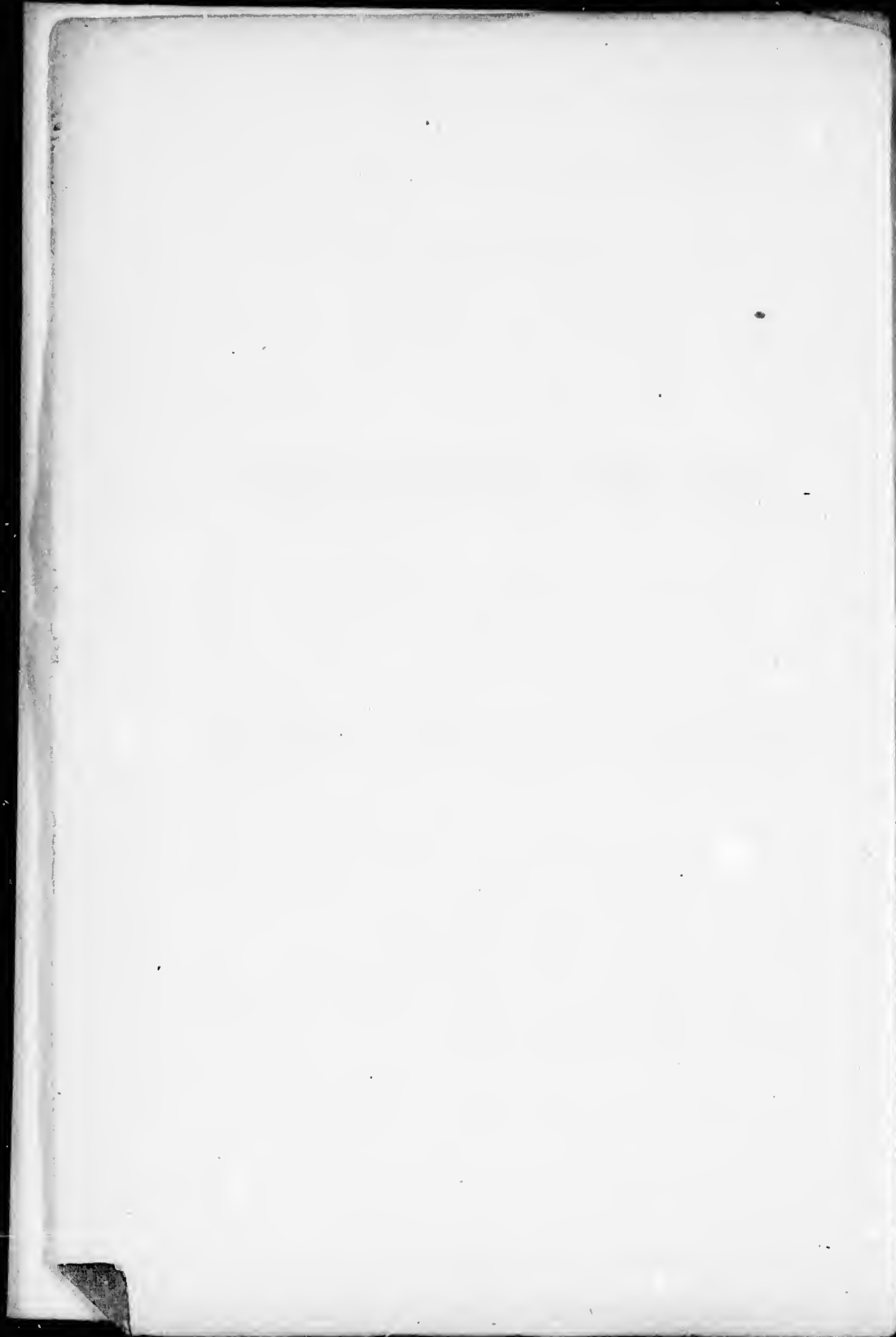
London Telegraph Company.

---

Reserved Pre-emption Right of the Government of  
Newfoundland.

---

1873.



||

093

||

1420

---

CHARTER  
OF THE  
NEW YORK, NEWFOUNDLAND  
AND  
London Telegraph Company.

---

*RESERVED PRE-EMPTION RIGHT OF THE GOVERNMENT OF  
NEWFOUNDLAND.*

---



AC

com  
land  
the

whi

exc  
line  
or h  
exi  
per  
the  
col  
fift  
cor  
rat  
ent  
or  
me  
me  
cou  
lin  
to  
lan  
Isl  
wi  
of  
ce

th

## ACTS OF LEGISLATURE AND OPINIONS OF COUNSEL.

---

In the year 1854 an Act, entitled "An Act to incorporate a company under the style and title of the New York, Newfoundland and London Telegraph Company," received the assent of the Legislature of Newfoundland.

It passed 15th April, 1854.

The following are the 14th and 15th clauses of said Act, which have reference to a reserved pre-emption right :

14. The corporation hereby created shall have the sole and exclusive right to build, make, occupy, take or work the said line or any line of telegraphs between St. John's and Cape Ray, or between any other points in this island, (excepting only the existing line between St. John's and Carbonear,) for the full period of fifty years from the passing of this Act, subject, nevertheless, to the right of pre-emption by the Government of this colony, as hereinafter provided; and during the said period of fifty years no other person or persons, body or bodies, politic or corporate, shall be permitted to construct, purchase, take or operate any line or lines of telegraph on this island, or to extend, to enter upon, or touch any part of this island, or the coast thereof, or of the islands or places within the jurisdiction of the Government of this colony with any telegraphic cable, wire, or other means of telegraphic communication, from any other island, country or place whatsoever : Provided, however, that if the said line of telegraph shall not have been completed from St. John's to Cape Ray or other point on the western coast of Newfoundland, and a communication by telegraph across Prince Edward Island, or the island of Cape Breton, or otherwise, established with the continent of America, within five years from the passing of this Act, the exclusive privileges granted by this section shall cease.

15. If at any time after twenty years from the passing of this Act it shall be deemed advisable by the Governor in Coun-

cil that the lines of telegraph and other property of the said company shall be transferred to and vested in the Government of this island, it shall be lawful for the Governor to cause a written notice to be given to the said company, which shall be served upon the President, or Director or Manager in this island, which notice shall state that the Government has decided upon becoming the holder of the said lines and other property, and thereupon the Governor and Company shall each choose an arbitrator, and the arbitrators so chosen shall appraise the telegraph lines, wires, cables, apparatus, vessels, and all other property connected therewith, and if they cannot agree they shall choose a third as umpire, and if they do not make such choice the Supreme Court shall appoint an umpire, and the appraisement of any two of them shall be taken as the true and just value of the said property, and after the expiration of one year from the time the award of the arbitrators shall have been communicated to the Government and the company, and after the payment made or tendered in manner hereinafter provided, all and singular the said telegraphic lines, wires, cables, apparatus, vessels, and other property so appraised shall become the property of Her Majesty, for the benefit and public use of this island, and shall be held thenceforth free and discharged from all claims of such company or shareholders thereof, or any person whomsoever, and the Government shall draw warrants on the treasurer of this colony for the payment to such company of the amount so awarded as aforesaid, and the payments in discharge of such warrants shall be made or tendered by the treasurer aforesaid to the President and Directors of the said company, or their Director or Manager in this island, as the Governor shall direct and appoint, but this section shall not apply to any lands granted to the said company by virtue of the 10th and 22nd sections of this Act, nor to the proceeds thereof, or any land or property purchased with such proceeds, nor to the bonuses to be paid to the said company, or to any land or property purchased with the same or any part thereof, nor to any mines or minerals, or the property connected with the management or working of such mines or minerals.

What is the force of these clauses, and what their legal interpretation, will appear from the following joint opinion of Sir

Richard Baggally, head of the Chancery Bar in England, and Henry James, Q. C.:—

We are of opinion that the Government of Newfoundland can, at any time after the 15th of April, 1874, exercise its rights of pre-emption, and take possession of the telegraph lines and plant of the New York, Newfoundland and London Telegraph company.

In the event of the Government exercising such rights, we are of opinion that the amount to be paid by the company will be the value of the property of the company, such as poles, wires, cables, apparatus, &c., to be valued, not as mere materials, but as erected for the purposes of telegraphy.

But the company will not be entitled to receive any sum for the value of its business, nor any compensation for good-will, or in relation of the future earnings of the company.

The company is incorporated, and obtains the powers under the 7th Vic., C. 2., (Newfoundland Act). By the 14th section the company obtained an exclusive right as against other companies and individuals to erect and work telegraph lines within the colony for fifty years, subject to the power of the Governor in Council to determine that right at the end of twenty years. By the 15th section, if the right of pre-emption be exercised, arbitrators are to be appointed who shall appraise "the telegraph lines, wires, cables, apparatus, vessels, and all other property connected therewith;" and on payment of the amount of valuation, all that which is above mentioned becomes the property of the Government of the colony.

Throughout the whole of the Act we can find nothing which points to any compensation being paid for the business or good-will, but only for the chattels and actual property of the company.

Whilst the word "property" sometimes has an extended meaning, it is clearly used in the 15th section as applying only to things *ejusdem generis*, with wires, cables, apparatus, &c.

We would observe, that when it was intended, under the English Act (31 & 32 Vic., C. 90) to give compensation for the future profits of the telegraph lines purchased by the Government, the words were clear and explicit, that "twenty years' purchase of the net profits" during the year preceding the passing Act should be paid to the companies.—See sec. 8).

The reason why no compensation is to be paid to the Newfoundland company for good-will or future profits is, that that company obtained twenty-years' exclusive right as a return for their outlay, which the English companies never had.

For the above reasons we are of opinion that the New York, Newfoundland and London Telegraph company is entitled to no payment for good-will in the present or future, nor for any value of its business, but only for its plant, &c., *plus* the cost of erecting it.

(Signed) RICHARD BAGGALLY.

(Signed) HENRY JAMES.

LINCOLN'S INN, 1st April, 1873.

On the 3rd March, 1857, another act was passed entitled "An act further to amend an act passed in the seventeenth year of Her Majesty's reign, entitled an act to incorporate a company under the style and title of the New York, Newfoundland, and London Telegraph Company." The following is the 4th clause of this act :

4. Nothing in this act shall effect any lien, claim, right, title, interest, or privilege secured to the Imperial Government or to the Governments of Newfoundland and of every other of the North American colonies and of the United States respectively, under the provisions of the said first-recited act or of any act in amendment of the same, and such lien, claim, right, title, interest, and privilege shall exist and be in force with respect to any new lines or cables that may be established by the said companies or either of them in this island, and between this island and the continent of America.

Sir Richard Baggally's opinion on the effect of this act was also obtained, and is as follows :

I have perused the second and third of the above-mentioned acts—viz., the colonial acts, 20 Vic. Cap. 1, and 20 Vic. Cap. 17—and see (4) no occasion to modify the opinion given by Mr. James and myself, under date the 1st instant. The latter act merely confers power to increase the capital of the company ; and I can see nothing in the former to deprive the Newfoundland Government of its power to determine the concession at the expiration of twenty years, secured to it by the act of 1854 ; but on the

contrary, an express provision that all the rights of the Government under that act are to remain in force.

(Signed,) RICHARD BAGGALLY.

3rd April, 1873.

The further opinion of the same eminent counsel was obtained as follows :

At a meeting of the French Cable company, held on the 23rd of May, 1873, a shareholder in that company, commenting on the foregoing opinions of Sir Richard Baggally and Henry James, Q.C., (which were published in the *Times*,) stated that the solicitor who prepared the case upon which they were written "had wholly omitted this important fact, that the exclusive right to land cables on the shores of Newfoundland exists totally independent and distinct from the right of pre-emption of the Newfoundland Government in respect to the poles and wires upon the island." And furthermore, that he had "omitted to call the attention of the learned counsel fully and fairly to the case," and he pointed out that he had not sufficiently called the attention of counsel to the important fact that "when once the Newfoundland company becomes amalgamated with the Anglo-American company it altogether ceases to be a property upon which the right of pre-emption exists."

Mr. John Horatio Lloyd, at the same meeting, is reported to have said, that "he had no reason to doubt the opinion he had already given on this question, that if the Newfoundland company were consolidated with and merged into the Anglo-American company, the Newfoundland Government no longer possessed the right of pre-emption, inasmuch as the Newfoundland company being consolidated into another company would no longer possess any existence as a separate corporation, and could not perform any acts by itself apart from the company in which it was merged."

Counsel were requested to consider the observations stated above, and advise whether they see any reason to alter or modify the previous opinions.

We believe the questions raised in the case have been fully brought before us. We see no reason to modify our former

opinions in any way. By section 4th of act of 1857, the right of pre-emption is clearly reserved.

RICHARD BAGGALLY,  
HENRY JAMES.

LINCOLN'S INN, May 31st, 1873.

Inasmuch as some of the company's advisers and agents in this colony have contended that the 14th and 15th sections of the act of 1854 give the company two distinct monopolies, of which the first is the exclusive right to make and work the land lines within the island, and the second is the exclusive right to land cables on the coast of the island, and that the proviso reserving to the Government of the colony the right of pre-emption does not touch the latter of these two monopolies, accordingly that the right of landing cables does not determine with the exercise of the Government's pre-emptive powers, but survives that event for the unexpired term of thirty years, the opinion of eminent counsel was obtained on this point, and is as follows :

We are of opinion that there is not under the act of 1854 a separate substantive concession of a right to land cables on the island of Newfoundland, independent of and capable of surviving the right of making and working the land lines. Moreover, if there were under that act an independent substantive concession of a right to land cables, the right so conceded would, in our opinion, be "property" of the company, which is subject to the right of purchase conferred upon the colonial government by the 15th section of the act.

RICHARD BAGGALLY.  
EDWARD FRY.  
HENRY C. PHEAR.

LINCOLN'S INN, 14th July, 1873.

The importance of the colony of Newfoundland exercising the pre-emptive right thus secured by an act of the Legislature, will appear from the following memorial :

ST. JOHN'S, May 16th, 1873.

SIR,—The questions which have arisen in regard to the position and rights of the New York, Newfoundland and London Telegraph Company, in relation to the Government of Newfoundland, seem to render it desirable that the policy which the colony intends to pursue in the matter should be ascertained, if

possible, without delay. I have therefore been requested to visit St. John's for the purpose of communicating with the Government on the subject; and I would now venture to call their attention to the following considerations, which render it of paramount importance not only in the interests which I represent, but those of the communities on both sides of the Atlantic, that no delay should be allowed to perpetuate the present uncertainty in regard to the prospects of ocean telegraphy between the two Hemispheres. I will not presume to enter into the merits of the questions pending between the Company and Newfoundland, and in reference to the *extraordinary position* attempted to be maintained by the company, that the solemn provisions of a charter can be abrogated by an act of amalgamation, a contingency for which no provision was made in the original charter, and to which no allusion is made in the subsequent act.

I will assume that the public announcement of your Excellency, that the colony does not intend to waive its right of pre-emption, implies that in the opinion of the Government the right exists; and it is to the effect which this declaration has made upon the public mind that I especially desire to draw attention, as a reason why it is scarcely just to the great interests at stake on both sides, that the Government of the colony should not supplement this expression of opinion on the part of your Excellency by something more explicit.

At this moment all telegraphic enterprise is paralyzed so far as the laying down of new lines is concerned. Out of three wires crossing the Atlantic, only one is, at this date, in working order. The tariff has been raised to six shillings a word; the last wire may break to-morrow, and it is impossible for any new company to begin to construct a cable by which such a catastrophe might be anticipated and the tariff reduced to reasonable rates, unless the Government of Newfoundland will clearly declare whether it means to exercise its right of pre-emption or not. It is evident that a prolonged reticence on the subject may be fraught with the most serious consequences, not only to the interests which I represent, but to the amalgamated companies, whose shares have already suffered a depreciation in consequence, and to the public at large. This situation is the more compli-



cated, because since I have been in St. John's I have had reason to believe that the public opinion of this colony is coming strongly round to the conviction that the interests of the colony demand the abolition of the monopoly. They are beginning to ask themselves what advantage they have ever derived from a monopoly which has availed itself of the geographical position of Newfoundland to develop into a gigantic corporation, with a nominal capital of seven millions sterling, not one farthing of which goes to the revenue of the colony; and they are at a loss to discover what return, beyond the privilege of receiving trans-Atlantic messages, *via* New York, two days after they have passed through Newfoundland, this colony has received, in return for the 100 square miles of land it has granted to the company, which that body has had the sagacity not yet to select, but which it has publicly stated to be worth several millions sterling.

It is becoming, on the other hand, evident to everybody who has considered the subject, that the abolition of the monopoly is the commencement of a new industry for the colony; that inasmuch as owing to its geographical position, its shores, were they free, would become the landing-places of all cables that are laid from Europe to America, the control of the land lines would rest exclusively with the local Government, and would provide it not merely with a permanent and ever increasing source of revenue, but invest the colony with a political importance and influence, in its relations with the rest of the British North American colonies and the United States, that has hitherto been denied it.

These, however, are questions affecting colonial and not private interests, and if I allude to them now, it is only to justify my assertion that these very palpable considerations are forcing themselves irresistibly upon the public here, and that they have strengthened the conviction in my mind that the abolition of the monopoly is a moral certainty, but one unfortunately which cannot be acted upon unless supported by an expression of opinion on the part of the Government, in the same sense. For want of this expression, companies now in process of formation cannot be constituted until it is settled. From a financial point of view, then, it would be even more desirable for all parties concerned to have an adverse declaration from the Government than none at all.

The question is assuming in England a gravity of importance fully equal to that which it must now attain in Newfoundland, because the Imperial interests involved are proportionately greater than the colonial, and it is fortunate that upon this occasion the policy which is the most advantageous is precisely that which will be most acceptable to the Government and public of England.

I trust I have clearly shewn that no good end can be attained by allowing the state of doubt and uncertainty which now surrounds this question to be prolonged, while it is in the interest of the mother country no less than of the colony, and of the amalgamated companies no less than of those who compete with them, that the views of the present Government at all events, on a question of policy of such vital importance, should no longer be allowed to remain in mystery.

I have the honor to be,

Your obedient servant,

L. OLIPHANT.

BANK OF COMMERCE, LOTHBURY, April 5.

SIR,—

I have to ask your Excellency to excuse me for sending you a telegram yesterday, and to thank you for your kindness in replying to it.

The facts which led me to take this step are as follows :

A few months ago Mr. Field brought out a company here called the New York, Newfoundland and London Telegraph Company. In the prospectus of this company it was stated that the object of the company was to take over "the exclusive concession, for fifty years from 1854, to land and work cables and telegraphs in Newfoundland, and on the Atlantic shore of Labrador." Shortly afterwards, the Direct United States Cable Company was brought out and fully subscribed. I went on the board, as I am interested in the "Daily News," and we find the present charges upon trans-Atlantic telegrams press very heavily upon us, whilst we are precluded by these charges from obtaining many items of news from the American continent by cable, which might be interesting to the public.

I have come to the conclusion, after careful inquiry, that

the possibility of cheap trans-Atlantic telegraphy depends upon Newfoundland being thrown open to telegraphic enterprise, and all companies being allowed to use your land lines, at a tariff remunerative to your colony.

Under these circumstances I turned my attention to the position of Mr. Field. In his prospectus I found the two following clauses:—

“The Act constituting the Company contained a provision giving the Government of Newfoundland the right to purchase at any time after April 15, 1874, the company's telegraph lines (but not its land rights) at a valuation to be fixed by arbitration.

“In view of a consolidation of the companies carrying the Atlantic traffic, the Newfoundland Legislature has since passed an Act under which the Newfoundland company has the power to enter into an agreement for an amalgamation with the Anglo-American and French Atlantic companies.”

The inference, I presume, intended to be conveyed by the strange use of the word “contained,” and on which the capital was raised, is that the second Act abrogates the first Act, and this was the ground taken by the lawyers of the company.

These Acts I submitted to Sir Richard Baggally and Mr. James, Q.C. The opinions of these gentlemen I published in the *Times*. As soon as these opinions were made public, counter opinions were attempted to be obtained from the Solicitor-General and two other eminent counsel. Unfortunately, however, as I am informed, per Mr. Field, these opinions confirmed those of Messrs. Baggally and James.

In the afternoon of yesterday, it was stated by Mr. Field's friends that a bill was being passed through your Legislature to grant that gentleman a concession for thirty years more, without any right of termination by your Government. I felt that if this were true, your Excellency should be informed of what has taken place here. I therefore begged a friend of mine to call upon the Earl of Kimberley, and ask him to communicate with you. Lord Kimberley said that he knew of no such bill, and having no knowledge of it, did not see how he could approach you on the subject, adding, that if passed it would come over here for ratification, when it might be considered. Under these

circumstances I took the liberty to telegraph to you, and subsequently at the suggestion of Sir John Rose to Mr. Carter, M.P.

The great benefit which would accrue to the entire commercial world, and to your colony, by the abrogation of Mr. Field's monopoly, will, I hope, excuse me.

At present, one-third of the gross receipts of the Anglo-Telegraph company, are handed over to the Newfoundland company for the use of the land lines of the island; this amounts to a tax of one shilling a word on messages.

Two schemes have been put forward for the amalgamation of the two existing Atlantic cable companies with the Newfoundland company, one with a capital of £8,000,000, the other with a capital of £7,000,000, although these sums are only to be represented by the present property of the companies, including the Newfoundland monopolies,

On this capital, it would be necessary to charge royalties in order to pay dividends.

Newfoundland is the natural terminus of all Atlantic cables from Europe; the distance is considerably greater to any part of America, and, consequently, the number of words which can be telegraphed is far less per minute. At present cables are diverted from Newfoundland by Mr. Field or his nominees refusing any company, except the existing companies, permission to land or to use his land lines, even though they consent to pay his tariff. British subjects, therefore, who telegraph now across the Atlantic, are obliged to pay an exorbitant tax to American concessionaries, or they are prevented by the terms of the concession from making an innocent use of the coast of Newfoundland by landing cables on it, although such use would be beneficial to the colony by introducing capital.

Mr. Field's land lines and cables might, I imagine, be laid down for less than £100,000. According to his own statements in his prospectus, he has enjoyed for five years 8 per cent. per annum on a capital which he has fixed at £863,520. For the year 1873 his profits, he states after deducting all outgoings and expenses, will be £110,629. So large a sum can only be levied by excessive charges, but, if levied, ought to go into the Treasury of your Government, and not into the pockets of Mr. Field or his nominees.

Should you, Sir, terminate the existing monopoly in 1874, and take over the land lines of the island, for the value of their plant and material, I am informed by responsible capitalists that they will be ready, if it be wished, to take over your lines at a rental, agreeing to lower the tariff, and to allow all cables to land on your shores, and to advance money on the guarantee of the rental, to enable your colony to pay off Mr. Field. In fact, they are ready to enter into any arrangement with you which may facilitate the operation, so anxious are all commercial houses and our daily press to reduce the heavy cost of transatlantic telegrams.

I have the honor to be, Sir,

Your Excellency's most obedient, humble servant,

HENRY LABOUCHERE.

P.S.—I have the honor to enclose to your Excellency the originals of the opinions given by Sir Richard Baggally and Mr. James, together with the cases which with the acts were submitted to them. The second opinion is not signed by Mr. James, as he had left London on circuit.

His Excellency, Colonel Hill, C.B.,  
Governor of Newfoundland,  
&c.                      &c.,                      &c.

48 and 49 PALMERSTON BUILDINGS,  
Old Broad Street, E. C., 3rd May, 1873.

MY LORD,—

I am requested by the Board of the Direct United States cable company, limited, to call your Lordship's attention to the impediments which prevent British subjects from laying submarine cables by the shortest and best route between Great Britain and America.

The impediments arise from the concession which was granted in the year 1854 to certain American gentlemen, under an act of the Legislature of Newfoundland, passed on the 15th April, 1854. The concession to these gentlemen was to construct main lines of telegraph from St. John's to Cape Ray, and from St. John's to Trepassey, together with other lines from any point in Newfoundland to any point therein, or elsewhere, as the concessionaries might determine, and subject, as provided in the act, the conces-

sionar.  
telegra  
act, ex  
"or op  
"foun  
"the i  
"juris  
"mean  
"coun

B  
March  
graph  
sionar  
with t  
Telegr  
rine ca  
that c  
Telegr

land  
section  
twenty  
advisa  
and of  
Govern  
to serv  
upon  
"all o  
"upon  
"ther  
"for t  
"and  
"claim

T  
be app  
By  
and L  
with t  
expres

sionaries had the exclusive right to make and operate lines of telegraph upon Newfoundland, and all other persons were, by the act, expressly precluded from "constructing, purchasing, taking or operating any line or lines of telegraph on the island of Newfoundland, or extending, entering upon, or touching any part of the island, or coast thereof, or the islands or places within the jurisdiction of the colony with any telegraph wire or other means of telegraphic communication from any other island, country, or places whatsoever."

By an act of the colonial Legislature, passed on the 3rd March, 1857, the New York, Newfoundland and London Telegraph company (the name under which the American concessionaries have been incorporated) was permitted to amalgamate with the Atlantic Telegraph company, limited, and the Atlantic Telegraph company, limited, was permitted to extend its submarine cable to Newfoundland upon terms to be arranged between that company and the New York, Newfoundland and London Telegraph company.

The original concessions gave the company extensive land rights in addition to the telegraphic rights. The 15th section of the act of 1854 provided that if at any time after twenty years from the passing of the act it should be deemed advisable by the Governor in Council that the lines of telegraph and other property of the company should be transferred to the Government of the island, it should be lawful for the Governor to serve a notice to that effect upon the company, and that thereupon "the telegraph lines, wires, cables, apparatus, vessels and all other property connected therewith should be appraised, and upon payment by the Government to the company of the value thereof, the same should become the property of Her Majesty for the benefit and public use of the island of Newfoundland, and should be held thenceforth free and discharged from all claims of the company or any person whomsoever."

There was an express proviso in the act that the property to be appraised should not comprise the land rights of the company.

By the act of 1857 (under which the New York, Newfoundland and London Telegraph company was permitted to amalgamate with the Atlantic Telegraph company, limited) there was an express clause reserving to the Government of Newfoundland the

privileges secured to it under the act of 1854, and providing that such privileges should be in force with respect to any new lines that might be established by the companies of either of them in Newfoundland, and between Newfoundland and the continent of America.

The land lines which have been laid down by the companies consist of a line between Heart's Content and Cape Ray, and the cables are a cable between Cape Ray and Cape Breton, and another between Placentia and Cape Breton, touching at the island of St. Pierre.

It would appear that the concessionaires have now ceded to the Anglo-American Telegraph company, limited, their exclusive concessions, on condition of the latter company passing all its messages over the land lines and cables of the concessionaires for a payment of one-third of the gross receipts, an arrangement which practically involves a charge of one shilling and three-pence per word. It is now stated that the Anglo-American company intends to share the concession which it has so obtained with the French Cable company.

In the month of December last the shares of the New York, Newfoundland and London Telegraph company, (which was in the prospectus stated to be working in association with the Anglo-American and French Atlantic Telegraph companies) were placed on the London market. The prospectus stated that the company was constituted under acts of the Legislature of Newfoundland approved by Her Majesty in Council, under which it had the exclusive right for fifty years from 1854 to land and work cables and telegraphs in Newfoundland and on the Atlantic coast of Labrador, and that under this right the two Anglo-American cables had been landed, and were then working on the coast of Newfoundland. The prospectus contained a further clause in the words following :—"The act constituting the company contained a provision giving the Government of Newfoundland a right to purchase at any time after the 15th of April, 1874, the company's telegraph lines, but not its land rights, at a valuation to be fixed by arbitration." It is not clear whether it was intended to express that the right of pre-emption was still in force, or that it had in some way lapsed.

The question whether the Newfoundland Government can,

on or after the 15th April, 1874, purchase the Newfoundland company's telegraph lines, and determine the monopoly for the benefit of the public, is one of vital importance to those who are anxious to promote cheap telegraphy between Europe and America.

A suggestion having been made in the public papers that the sum to be paid to the Newfoundland company would include compensation for good-will, or future profits, a case was submitted to two eminent counsel, Sir Richard Baggally and Mr. Henry James, Q.C., upon the subject, and the following opinions were given by those gentlemen :

*(See opinions, page 5, et seq.)*

It would appear, therefore, that the Newfoundland Government possess, on or after the 15th April, 1874, the absolute right at a comparatively small expenditure to put an end to a concession which my Directors humbly submit ought never to have been granted. In consequence of the general public not being allowed to land at Newfoundland without the permission of these concessionaires, which permission could not have been obtained except upon exorbitant terms, there was for very many years no telegraphic communication between America and Europe. When at last a cable was laid down by gentlemen acting with the concessionaires the charges for messages were exceedingly high. The French Cable company would no doubt have laid their cable between Brest and Newfoundland had they been permitted ; they were forced, however, to lay it to Duxbury, thereby greatly increasing their risks and their expenditure.

It is most desirable that the telegraphic communication between Europe and America should be as cheap as is consistent with a fair return upon the money invested on submarine cables between the two hemispheres. My Directors would therefore earnestly call your Lordship's attention to the advantages which will ensue to British commerce by the exercise on the part of the Newfoundland Government of their right of pre-emption in 1874, and by the coasts of Newfoundland being thrown open to all cables which may be desired to be landed on them, and by messages being allowed to be transmitted across the island at what is only a fairly remunerative and not an exclusive tariff.



By putting an end to the monopoly granted to the Newfoundland company, the colony would still have it in its power to reserve the exclusive control over its own lands, and it would evidently be more for the interest of the colony to throw open its shores to European telegraph companies (retaining this local right in its own hands) than to grant to any single company a new monopoly, or to extend even at an advanced rate the old one. Moreover, it will be for your Lordship to consider how far it is desirable that any small colony should take advantage of its geographical position to the prejudice of Imperial interests.

My Directors would therefore ask your Lordship to call the attention of the Government of Newfoundland to the advisability of taking the earliest opportunity to put an end to a system which, without in any way increasing the revenues of the Government, drives capital away from its shores, and at the same time imposes upon British subjects in Great Britain and in the Dominion of Canada a great additional outlay when they lay down trans-Atlantic cables, and a heavy tax upon all messages which are transmitted. The opinion of Mr. Labouchere, one of your Lordship's predecessors, was strongly against such concession being granted, and he has put on record his views upon the subject in the opinion which exists in your Lordship's office.

I have the honor to enclose, for your Lordship's reference, in a convenient shape, a print of the acts of the Newfoundland Legislature incorporating and extending the powers of the New York, Newfoundland, and London telegraph company.

I am,

Your Lordship's faithful servant,

(Signed,) CLARKE,

Secretary of the Direct United States  
Cable Company, Limited.

To the Right Honorable the EARL OF KIMBERLEY, Her  
Majesty's Principal Secretary of State for the Colonies.

---

## OPINIONS OF THE PRESS.

(From the *St. John's, Newfoundland, Morning Chronicle*, of July 31st, 1873.

## DIRECT UNITED STATES CABLE COMPANY.

The position of the Direct United States Cable company, the company which proposes to lay its cables *via* Newfoundland, so soon as the existing monopoly shall terminate, may be gathered from the following authoritative financial statement :

Capital of the Company—£1,300,000 in 65,000 shares of £20 each, all fully subscribed for by an influential body of shareholders of responsibility and position. The amount upon application and allotment—viz. : £2 and £3 respectively—has been fully paid up, amounting to £325,000. The call of £3 per share due 31st May, 1873, amounting to £195,000, has been almost entirely paid up. The first instalment to the contractors, of upwards of £250,000, has been paid in cash, and the manufacture of the cable is being proceeded with.

The *Money Market Review* of July 12th, 1873, states that the first general meeting of the shareholders was held on the previous Wednesday at the City Terminus Hotel, Mr. E. H. Lushington in the chair. In the course of his address the chairman stated that the condition of the company was most satisfactory—that “they had succeeded in raising all their necessary capital; that they had completed the preliminary arrangements with Messrs. Siemens, the contractors, and that he was sure that all that modern science can do will be used on the cable.” “Messrs. Siemens, in order to insure the successful laying of the cable, have determined to build a vessel for the purpose, and I feel that in intrusting our affairs in the hands of Messrs. Siemens we have done the best we could for the company. We are determined to continue by ourselves, and not to enter into any amalgamation whatever.”

The following influential names appear among the shareholders of the company.

Fred. Alers. Hankey, Banker, Silverlands, Chertsey ; Henry Labouchere, Esq., 9 Park St., Westminster, of no occupation ; Edward H. Lushington, Banker, Brackenhurst, Cobham ; Philip L. R. Martin, 20 Fenchurch St., London, Merchant ; Joseph

Lebag, Stockbroker, 40 Westborne Terrace ; J. Lynn Bristowe, Denmark Hill, Stockdealer ; L. Loeffler, 33 Cedars Road, Clapham, Civil Engineer.

### BLACKWOOD'S MAGAZINE ON NEWFOUNDLAND AND TELEGRAPH AFFAIRS.

Blackwood's Magazine for July contains a very able article on Newfoundland, in which the writer speaks in glowing terms of the natural capabilities and prospects of the island. The effect of such an article, in a high-class periodical like Blackwood's Magazine, in informing the public of Britain and America regarding the resources of Newfoundland, cannot fail to be highly beneficial to the best interests of the colony. The following extract will show the views of the writer regarding the cable monopoly :

" But electricity is doing even more than steam to unite Newfoundland with Europe and America. The peculiar position which it occupies in the Atlantic with reference to the two hemispheres is destined before long to make it one of the most important telegraphic centres in the world. Hitherto the island has been unable to derive any advantage from this source. When the original New York, Newfoundland and London Telegraph company was created, the novelty of the enterprise dazzled the colony, as it did the world at large ; and they accorded terms to the company which could only be justified on the score of ignorance of the possible results. Not only did they grant the company a hundred square miles of the mineral lands of the island, which are now turning out to be most valuable, and which the company are at this moment selecting, but they granted them an exclusive monopoly of fifty years, during which no other company was to have the right of landing cables on the shores of the island. The Newfoundland Government fortunately inserted a clause by which this monopoly might be extinguished at the end of twenty years, upon the purchase by the island of the wires, apparatus and general plant, at a valuation to be fixed by arbitration. Since this arrangement was entered into, the original company has amalgamated with the Anglo-American and the French Cable companies, and in April next year the term of the monopoly enjoyed by these companies ceases. The colony, alive to the

enorm  
the mo  
end to  
not ye  
M  
much  
nounce  
monop  
of pre  
local  
allow  
lines,  
with a  
to free  
cable  
large  
a tarif  
in can  
severe  
to the  
place,  
privile  
it ex  
of the  
colony  
is to  
ful inf  
may  
mean  
the m  
would  
wealth  
to it,  
Amer  
sideri  
mone  
would  
More  
impo

enormous advantages which it will derive from the extinction of the monopoly, has already expressed its intention of putting an end to it, though the terms upon which it will be abolished are not yet determined.

Meantime, in order to give the amalgamated companies as much notice of their policy as possible, the Government has announced to them that, in the event of their abandoning their monopoly of landing cables, Newfoundland will waive its privilege of pre-emption; but that if the companies decline this offer, the local Government will exercise its pre-emptive privilege, and allow all companies to come here, charging a tariff upon the land lines, and placing the original companies on the same footing with any that may succeed them. If the colony offers its shores to free trade in trans-Atlantic telegraphy, it is evident that no cable which crosses to America will land at any other spot, and a large and increasing revenue might be derived by the colony by a tariff on the land lines. It is not likely that they will succeed in carrying out this liberal policy, however, excepting after a severe struggle with the companies, who are determined to cling to their monopoly as long as possible, and maintain, in the first place, that the act of amalgamation extinguished the original privilege of pre-emption; secondly, that in equity the colony, if it exercised its privilege, would have to buy, not merely the plant of the companies, but the good will of the business, which the colony is not rich enough to do; and lastly, as a general election is to take place in Autumn, they hope, by the exercise of a powerful influence upon the electors, to put in a Government which may reverse the policy of its predecessor. This, however, is by no means a probable contingency. The determination to abolish the monopoly is general throughout the island, and no candidate would venture to stand upon an opposite ticket. Again, the wealth and credit of the island are sufficient, if they are forced to it, to buy out the company, as a "going concern," to use an Americanism which our lawyers seem to have adopted; and considering the difficulties which the colonists find in investing their money in safe local security, the creation of good colonial stock would be rather an advantage to the colony than otherwise. Moreover, they would be fully compensated by the wealth and importance which would indirectly accrue to them from the con-

centration of cables on their shores. The cost of constructing a cable direct from England to the United States amounts to some £200,000 pounds more than one to Newfoundland, and each word is three times as long in transmission, to say nothing of the increasing difficulties in laying so long a cable, and the greater risks of its breaking after it is laid; while even the French island of St. Pierre, to which the French have laid their cable, is a most unfavorable spot owing to the Newfoundland fishing banks, which have to be avoided by a long and costly detour to the southward. At the moment I am writing there is only one cable in working order across the Atlantic, while two are disabled—one hopelessly so. It is probable that before this article appears the company will have laid another cable, but in the meantime a rupture of the remaining wire would cause dire confusion in the commercial world, which is at present charged the enormous tariff of six shillings a word. It is calculated that the improvements in telegraphy, which already exist, will enable any new company laying down a cable to give its shareholders a remunerative return at one shilling and three-pence a word. The Newfoundland public is at present subject to the singular indignity of not receiving the public telegrams from Europe on their arrival in the island. These have first to go to New York, and then are telegraphed back to St. John's, thus causing a delay of two days, and involving increased chances, of which the operators largely avail themselves, of making such nonsense of the messages that one has to guess at their meaning. The existing company has managed to alienate, by its treatment of it, not merely the Newfoundland but the American press, some of the leading New York journals having lately indulged in violent philippics on the subject. All these are so many signs of the times, showing that the days of monopoly, so far as trans-atlantic telegraphy is concerned, are drawing to a close, and that before long telegraphic intercourse between the two countries will be largely increased."

---

\*

B  
univer  
April  
found  
privile  
reserv  
graph  
proper  
an Ac  
found  
Telegr  
taincd  
or pr  
Gover  
coloni  
vision  
Newf  
it is r  
the a  
Fren  
was a  
to ma  
land  
good  
that  
rent  
New  
of its  
be m  
land  
reduc  
cable  
acros  
away  
for o  
to an

*(From the London Times, June 3.)*

# NEWFOUNDLAND POLITICS.

\* \* \* \* \*

But the question, which is not of merely international but of universal importance, is that of the transatlantic telegraph. Next April will expire the period for which the government of Newfoundland granted the original cable company the exclusive privilege of landing cables on the shores of the island. The colony reserved to itself the right of purchasing in April, 1874, "the telegraphic lines, wires, cables, apparatus, vessels, and all other property connected therewith," if it desired to do so. In 1857, an Act was passed, incorporating the original New York, Newfoundland and London Telegraph company with the Atlantic Telegraph company, in which it was stipulated that "nothing contained in this act shall affect any lien, claim, right, title, interest or privilege secured to the Imperial Government or to the Governments of Newfoundland and of the other North American colonies, and of the United States respectively, under the provisions of the said first recited Act." The Government of Newfoundland have announced, in terms more or less direct, that it is not their intention to waive this right of pre-emption; but the amalgamated companies, which have since been joined by the French Cable company, maintain that the right of pre-emption was abrogated by the act of incorporation, and seem determined to maintain their monopoly. This, in the event of the Newfoundland Government not choosing to enforce their rights, would hold good for another thirty years; but there is now every indication that the local Government will enforce its rights. A strong current of public opinion is setting in this direction. As a colony Newfoundland has derived scarcely any benefit from the accidents of its highly favoured position as the spot on which all cables can be most profitably landed. It has granted 100 square miles of land in the island to the company, but has practically been reduced to the position of a mere telegraph pole, receiving the cable messages from New York two days after they have passed across the island. The colonists perceive that if they could do away with a monopoly which, at the present rate of 6s. a word for ocean messages, is particularly onerous, and open their shores to any cable company which desired to land cables there, they

might still reserve the land lines across the colony for themselves, and derive from them a permanent and ever-increasing revenue. In doing this they would benefit not only the colony but the world at large, which would thus not be dependent, as it is at this moment, upon a solitary cable, along which pass all the communications of the two continents, and which, if it broke to-morrow, would produce great confusion in the commercial world. It is to be hoped that this disaster may not occur before the new cable is laid next month; but, in the meantime, the dangers, inconveniences, and cost of the monopoly are forcing the expediency of inaugurating a different state of affairs upon the Government and public here. It is calculated that with free trade in transatlantic telegraphy the tariff might be reduced from 6s. to 1s. 3d. or 1s. 6d. a word. At the same time, it is not to be supposed that a powerful company, representing a capital of £7,000,000, is without means of action in the colony, or lacks partisans who are sufficiently numerous to form a respectable opposition. The difficulties of breaking down any rich and influential monopoly are proverbial. Still, the interests involved are so wide spread and important, and the advantages to be gained by its abolition considered here to be so palpable, that it is only a question of persistency and time.

---

*(From the New York Herald, April 28.)*

## THE GREED OF THE ATLANTIC CABLE COMPANY.

### PUBLIC RIGHTS AGAINST THE TYRRANY OF MONOPOLIES.

The history of the Atlantic Cable Company is not a history of enlightened views and liberal management. Pending their protracted struggle for success the projectors of the magnificent scheme of uniting the two continents by the electric wire were regarded as public benefactors, and the world gave them credit for a loftier object than that of securing enormous profits out of the venture. It was believed that the advancement of science, the progress of civilization, the enlightenment and happiness of the people, were the incentives to a perseverance and devotion that commanded general admiration. But as soon as success was secured, that greedy policy began to manifest itself which

has ev  
its oth  
views  
cial as  
with t  
trium  
bring  
of un  
sults  
struct  
any s  
mising  
imme  
centr  
and s  
comp  
cable  
they  
of a g  
charg  
this i  
and r  
in a  
when  
threa  
like a  
Fear  
out o  
never  
was a  
Cable  
been  
had,  
strug  
cles.  
press  
certa  
years



has ever since marked the action of the company, and disfigured its otherwise useful work. It speedily became evident that the views of the managers of the cable were limited to the commercial aspect of the enterprise, and that the momentous question with them was, not what would be the advantages of the great triumph of science to mankind, but how much money it would bring into their own pockets. There have been laudable instances of unselfishness on the part of men who have accomplished results of vast importance and benefit to the world, but the constructors of the first Atlantic cable were remarkably free from any such sentimentality. No project ever offered a more promising field for the gratification of the passion of avarice. The immediate connection between the leading markets and moneyed centres of the world was certain to effect a revolution in commerce and speculation, and the practical minds of the Directors of the company at once suggested that by confining the benefits of the cable to the wealthy, through the exaction of an exorbitant tariff, they could make larger profits than by placing it within the reach of a greater number of customers at reasonable rates. The first charges for messages were almost prohibitory, and although in this instance, as is frequently the case, avarice overreached itself, and reductions in the rate became a necessity, they were made in a niggardly manner and grudgingly yielded. It was only when the near approach of the completion of the French cable threatened a destruction of the original monopoly that anything like a liberal policy was adopted by the Anglo-American board. Fear then extorted from those who had made enormous fortunes out of the people, concessions which a sense of justice would never have prompted, and something approximating a fair tariff was announced.

The press has never received liberal treatment from the Cable company, although the leading American journals have been the best and most steadfast customers the cable has ever had, besides having been its most valuable ally when it was struggling for success against apparently insurmountable obstacles. It is scarcely too much to say that but for the aid of the press the Anglo-American company would have been a failure; certainly its work would have been delayed and embarrassed for years longer than it was if the leading journals had not supported



the enterprize with vigor, and encouraged capital, proverbially timid, in the apparently desperate investment. If the cable managers had been capable of taking a broad view of the subject, if their eyes had not been buried in their money-bags and blinded to everything but the division of big dividends, they would have seen that their wisest policy was to encourage the use of the cable by the press, and thus by familiarizing the people with its advantages, to have made its constant use a public necessity. As it was, they stupidly regarded the daily newspapers with jealousy, believing that the publication of cable news decreased the number of private messages. When the Anglo-American board was first urged to make reductions in the press tariff, the policy of enforcing full rates for press messages was strenuously advocated by some of the directors, with the avowed object of preventing the newspapers from using the cable at all. Englishmen, unaccustomed to the enterprise and liberality which mark the management of American journals, believed that the suppression of all cable news would largely increase the receipts of the company from its private customers, and they could not understand that the press and the people had any rights which cable directors were bound to study or respect. Their policy was, of course, as fatuous as it was illiberal, because the American newspapers would have secured the news even at double the cost of private rates; but the animus of the proposition has been evident in the treatment of the press by the company, with very few exceptions, from the completion of the first cable to the present time. When the French cable approached success the Anglo-American line was better disposed to appreciate the patronage of the American journals; but, as we have said, the apprehension of dissolving dividends had great influence in inducing the tardy justice.

The eventual re-establishment of the monopoly by the union of the French and English cables under one management soon put to flight any hope of a more just and liberal course on the part of the company. The people and the press have ever since been at the mercy of a greedy corporation, and have had ample opportunity to judge of the quality of that mercy. They have been subjected to a policy as annoying, from its petty tyranny, as it is injurious by reason of its sordidness. The use

of the  
libera  
mate  
wcap  
tages  
becom  
those  
press  
sion  
more  
powe  
owe  
be st  
succ  
actio  
the l  
busin  
is no  
still  
origi  
of th  
to g  
incr  
tem  
tarif  
and  
age  
char  
illib  
of r  
vers  
rag  
unf  
mar  
of t  
of t  
bec  
mo  
Am

of the cable is now a public necessity, and the advantage of its liberal employment by the daily journals cannot be over-estimated. Without the press the cable would be a dangerous weapon in the hands of capital. It would afford undue advantages to the wealthy over men of ordinary means, and would become an instrument of fraud and conspiracy for the benefit of those who hold it under their control. In combination with the press the cable is a public blessing. It places all men in possession of the news simultaneously, and does much—it ought to do more—to nullify the undue advantage of enormous capital and powerful combinations. It is probably to this very fact that we owe the policy which we have denounced, and which is about to be still more offensively enforced unless public sentiment should succeed in preventing the consummation of the illiberal and unjust action proposed by the cable company. It is announced that the Board of Directors intend to advance the rates in view of the business likely to be created by the Vienna Exposition. There is no lack of present profit to the corporation; the fat dividends still find their way into the purses of the stock-holders; the original investors in the enterprise are still amassing wealth out of the investment; but, with a perfection of covetousness peculiar to great and greedy monopolies, as the business is likely to increase, and as the necessity for the use of the cable becomes temporarily more urgent, the gross imposition of raising the tariff for messages is practised by the directors upon the public and the press. In proportion as the people increase their patronage of the line, the company increases its already exorbitant charges to the people. The more liberal the patrons, the more illiberal and exacting become the patronized. We can conceive of no measure more thoroughly contemptible than this. It reverses the accepted rule of all commercial transactions, and outrages every sentiment of justice and propriety. It is peculiarly unfair to the press, which has ever been the best and most permanent customer of the cable company. Without the business of the daily journals and of the press associations, the dividends of the monopoly would have been much smaller than they have been from the completion of the first cable up to the present moment. The enterprise and liberality which induce the leading American newspapers to make provision for ample cable reports

from Vienna have prompted this new exhibition of avarice and injustice on the part of the company. The greed of the Directors has taught them the characteristics of American journalism, and they rely upon the determination of our press, to obtain news at any cost, to enable them to successfully enforce their gluttonous policy.

We desire to say that, so far as the great leading dailies of the United States are concerned, a high rate of tariff is rather an advantage than an injury. If our business morality were on a par with that of the cable company, we might rejoice at a policy which would deprive the less prosperous journals of the news, and confine all the benefits of the cable to a few firmly established papers. But we speak in the name of the whole American press, whose enterprise is an honor to the nation, when we denounce this projected imposition by a grasping monopoly. There can be only one efficient protection against the exactions of the cable company. We should adopt with our inland telegraph lines the postal telegraph system, and the English and American governments should, by an international treaty, extend the system to the Atlantic cable. The true interests of the press and of the people demand this reform. Opposition might do something to remedy the existing abuses; but we have seen, time after time, how speedily and effectually a monster monopoly, once firmly established, can dispose of opposition. The security of the public can only be rendered certain by the acquisition of the cable by the two governments, guarded by a suitable international treaty. Let the statesmen of England and America turn their attention to this subject, for its importance to the nations, to the people and to the press, cannot be over-estimated.

---

LETTER FROM MINISTER SCHENCK RELATIVE  
TO ALLEGED OVERCHARGES IN CONNECTION  
WITH CABLE BUSINESS.

---

LEGATION OF THE UNITED STATES, }  
LONDON, April 13, 1873. }

SIR, -I have been thinking for some time of writing to you in relation to the charges made on telegrams sent to the United States by the Anglo-American Telegraph company. That com-

pany have an arrangement with the Western Union Telegraph company, in our country, through which a systematic imposition is practised, which ought to be exposed. I bring it to your attention because communications transmitted by ocean cable on Government business are subjected to the same overcharges as are the messages of individuals, and the public and private persons are equally concerned in having what is done known, with a view to some correction of the wrong. I discovered something of what I am about to explain three or four months ago, and since then have been making inquiries which have elicited the following, as I believe a true statement of the case :

These two companies have some contract between them by which it is agreed and arranged that messages sent from England by the Anglo-American to all points in the United States shall be received and transmitted by the Western Union to their destinations. Thus the interior or land lines of the latter company are made continuations of the cable on the American side of the Atlantic. This is proper enough, and a convenience to everyone as well as to the contracting parties. It gives to the Western Union a monopoly of business coming through the cable to America, and naturally for that monopoly they agree to pay something. Accordingly the contract binds the Western Union to allow the Anglo-American to retain a certain portion—being, I believe, one-third of what is charged for transmission over the wires in the United States.

The Anglo-American company have a tariff of prices. The charge for a message from London to New York, or points east of New York, is four shillings (English money) per word. After this month it is understood they have promised a reduction to three shillings a word.

The Western Union company have also a tariff of prices. The charge now is, from New York to Washington, for the first ten words forty cents, and three cents for each succeeding word ; from New York to Chicago, for the first ten words, one dollar, and seven cents for each word beyond ten ; from New York to San Francisco, two dollars and fifty cents for ten words, and seventeen cents for each word beyond ten, and so in proportion to other points.

Every word sent by the cable is charged for, including date,

address and signature. On the land lines of the Western Union within the United States there is no charge made for date, address and signature. But now observe the practice under the contract before referred to, between the British and American companies: A message is sent by the cable from London to Washington, Chicago or San Francisco. The office here demands and collects for each word four shillings, which pays for transmission to New York, and also three pence more for each word to Washington, nine pence more for each word to Chicago, and fifteen pence more for each word to San Francisco. This, with exchange, and the present difference between gold and United States currency, is, for that part of the service which lies beyond New York, more than double the proper charge of the Western Union company, and is so far an overcharge, to be divided between the companies who are the parties to it.

When the charges imposed for transmission over the wires west of New York are double the regular tariff prices, the American company can well afford to allow the Cable Company one-third of the receipts for that portion of the service performed by their lines.

If the charge were only double, the account would stand thus: The Western Union being credited two dollars, when the proper amount to be collected from them was but one dollar, they would leave sixty-six and two-third cents with the British company, and yet receive one dollar and thirty-three and one-third cents for their share, being thirty-three and one-third cents in excess of their regular and legitimate charge at home. But the case is, in some particulars, much worse than this. Let us illustrate, by supposing a message of one hundred words sent from London to Washington. Ten of these words may be supposed to constitute the date, address and names. The Cable company would require to be paid here, for the transmission over the land line between New York and Washington, three pence on each of the whole one hundred words. This would amount to one pound five shillings, which is equal to six dollars and ninety-six cents. But the regular published charge for such message by the Western Union would be, for the date, address, names—ten words—nothing; for the first ten words, forty cents; for the remaining eighty words, at three cents, nine dol-

ars and  
eighty c  
the Uni  
dollars  
cents b  
lent of  
compa  
is still  
charge

In  
names  
overch  
twenty  
New Y  
thirty-  
cents,  
West  
them,  
propo  
tion o  
words

consi  
unjus  
send  
C  
ma

Was  
ted  
over  
chan  
aver

it p

To

ars and twenty cents; one hundred words, two dollars and eighty cents. Thus, there would be extorted for the service in the United States an overcharge, equivalent in currency to four dollars and sixteen cents; and the six dollars and ninety-six cents being divided, would give the British company the equivalent of two dollars and thirty-two cents, and leave the American company, for their share, four dollars and sixty-four cents, which is still one dollar and eighty-four cents beyond their legitimate charge at home.

In the case of short messages, where the address, date and names bear a larger proportion to the text, the proportional overcharge would be greater. For a message, for instance, of twenty words, there would be collected here, for the line from New York to Washington, five shillings—equal to one dollar and thirty-nine cents in United States currency—instead of forty cents, which would be the charge at home. In such a case the Western Union pocket, for their share, for services performed by them, ninety-three cents, being much more than twice their whole proper charge. And it must be remembered that a large proportion of telegrams sent across the ocean have a text of but ten words or less.

This may seem dealing with an inconsiderable matter, but considered in the aggregate, and computing the percentage of unjustifiable charges, it is no small thing as affecting the cost of sending intelligence between the two countries. So far as the Government of the United States is concerned, it must have made a large difference during the past year.

No means of knowing whether messages coming from Washington or other points in the United States, to be transmitted by the cable to England, are subjected to the same or similar overcharges, or not. My calculations are based on 109 for exchange and 115 for gold, which has been for some time a fair average.

I submit this exposure to you for such use as you may deem it proper to make of the information.

I have the honor to be, Sir, very respectfully,

Your obedient servant,

ROBERT C. SCHENCK.

To Hon. HAMILTON FISH,  
Secretary of State, Washington, D.C.

The London *Daily News*, of June 30, refers to the above as follows :—

"The American Minister in England has written a despatch to Mr. Hamilton Fish, bitterly complaining of the charges which are made by the Anglo-American Telegraph company for transatlantic telegrams to the principal cities of the United States. 'That company have,' says General Schenck, 'an arrangement with the Western Union Telegraph company, in our country, through which a systematic imposition is practised, which ought to be exposed.' The General goes on to point out what this ingenious arrangement is. The Western Union Telegraph company owns a net-work of lines, connecting New York with the other cities of America. From city to city there is a fixed tariff. On messages, however, which pass over these lines from Europe, a considerable addition is made to this tariff, and the overcharge is divided with the Anglo-American Telegraph company. A through message, therefore, to Chicago or Washington, from London, costs considerably more than the same message forwarded to New York, and thence to Washington or Chicago. General Schenck deserves thanks for having called attention to this imposition. We have ourselves frequently protested against the absurd rates which are charged on transatlantic messages. These rates have enabled the existing companies to perform the American feat of 'watering' their stock, or, in other words, adding to their real capital a large amount of paper capital, on which, as well as on their real capital, they hope to pay remunerative dividends by excessive charges. Fortunately there is no monopoly in the bottom of the Atlantic. The monopoly of landing cables in Newfoundland, which has until now been enjoyed by the Anglo-American company, will cease next year. We may therefore reasonably hope that, within a short period, cables will connect Europe and America, and telegrams between the two hemispheres will be transmitted at a price not above what will earn a fairly remunerative dividend on capital. That our American cousins should be alive to the impositions which are now being practised upon them as well as upon us is fortunate, as united action on both sides of the Atlantic will crush out a monopoly which is due to fortuitous circumstances, and which, of course, involves monopoly prices."

THE M

The  
ment h  
Telegra  
the com  
shores  
cise its  
privileg  
compa  
Newfo  
the pro  
cost.  
compa  
Govern  
compa  
compa  
Govern  
to the  
conve  
cable  
tant t  
Euro

NI

will  
hear  
and  
secu  
lette

noti  
the  
to t  
sim  
£7



## THE NEW YORK, NEWFOUNDLAND AND LONDON TELEGRAPH COMPANY.

The New York *Herald* says that the Newfoundland Government had notified the New York, Newfoundland and London Telegraph company, that it will abandon its pre-emptive right if the company will abandon its monopoly of landing cables on the shores of that colony, and if not, that the Government will exercise its pre-emptive right. The term for which the exclusive privilege of landing cables on Newfoundland was granted to the company is about to expire. On the expiration of that term the Newfoundland Government has the pre-emptive right to take the property of the company at a fair valuation, based upon the cost. This was provided for in the concession or contract. The company has been making extraordinary efforts to induce the Government to forego its right or to renew the privilege of the company. Of course the object of the company is to prevent competition and to continue its monopoly; but, fortunately, the Government has independence and honesty enough not to yield to the clamor and influence of the monopoly. It looks to the convenience and welfare of the public. It knows that more cables are needed, and will be laid, and that it is highly important to cheapen the rates of telegraphing between America and Europe.

## NEWFOUNDLAND AND THE CABLE MONOPOLY.

The question as to whether the Newfoundland Government will exercise the famous pre-emptive right, of which we have heard so much of late, is being discussed by sundry newspapers, and is an every-day topic with those directly interested in cable securities. The *Daily News*, in a late issue, has the following letter:

SIR,—Can you inform me whether the practical effect of the notification sent to the Newfoundland Telegraph company by the Government of that island will be to throw open its shores to telegraphic enterprise? I ask the question, as a cable, exactly similar to the existing ones, might be laid down for less than £700,000, and taking the rate of transmission at thirty words



per minute, the year at three hundred and ten days, and each day at eighteen hours, at sixpence per word, the gross receipts would be £251,100; at three pence per word, £125,555, or, after allowing £20,000 for working expenses, and £20,000 for a reserve fund, above 10 per cent. on outlay. The question is a most important one, as the present monopoly rates seriously interfere with the commercial relations between the two worlds, and are a tax of many thousands per annum to merchants and others who are obliged to pay them. It cannot therefore be doubted that, so soon as free access is granted to the shores of Newfoundland, measures will be taken to lay down a cable between that island and Ireland, which, by only attempting to pay a fair interest on the real capital invested, will materially benefit the inhabitants of Europe and America. It will be remembered that a few weeks ago the existing companies put up the rate of four shillings per word to six shillings per word, on the plea that the French cable was broken. At a recent meeting of the Anglo-American company it was officially stated that this increased rate had benefitted the companies to the extent of several thousand pounds. What would be said if a railway company, if one of its lines of rails were out of repair, were to put up its fares to such an extent that its traffic returns would actually be increased until its line had been repaired? Such financing is only possible where monopoly exists.

Your obedient servant,

June 15.

A MERCHANT.

---

[From the wording of the notification we apprehend that either the Newfoundland company will cease to exist so soon as the right of the pre-emption, which may be exercised by the Colonial Government in April, 1874, has been enforced; or that it will be allowed to carry on its business as at present, on payment of a tax to the Government, and on surrendering its monopoly. In either case the island will be thrown open to all telegraphic enterprise. The words, "Or over their lines to this island," in Mr. Noonan's letter, as published in the *Daily News* of Saturday, should have been, "Or over their lines *in* this island." —*Daily News*.]

(From the Newfoundland Semi-Weekly Chronicle, June 20.)

\* \* \* \* \*

It has also been suggested, and many persons have thought the suggestion a very probable one, that in course of time improvements on the mode of telegraphing, or on the present system of telegraphy, (and which may fairly be anticipated,) will render the transmission of messages over cables laid between Britain and Halifax or New York quite as easy and rapid as over shorter cables between Britain and Newfoundland, and that hence Newfoundland will, in great part, lose its value as a cable terminus. Upon this point we are enabled to quote from a letter of G. Von Chauvin, Esq., M. S. T. E., Manager and Electrician of the Direct company, who says—

"As far as the fears expressed that improved instruments might make it less desirable for Atlantic cables to touch at Newfoundland are concerned, it must be said that whatever improvements may be made, either on the conductors of electricity, or in the apparatus employed for the transmission of messages, the principal laws of electricity will always hold good, being entirely independent of the way in which they are utilised. It is a law of nature that the transmitting power of insulated conductors decreases with the square of the length; so that for any system whatever, the advantage will always be on the side of the shorter route, and every invention which will improve the working of long cables will do the same in a still larger proportion for short ones."

Upon the general subject of the abolition of the monopoly heretofore possessed by the Atlantic company, the press of Great Britain and the United States take the same view as that which has actuated our Government, and look forward with a good deal of satisfaction to the prospect of more liberal supplies of information for their readers at a very great reduction upon present rates. In publishing a communication from a gentleman writing from St. John's, the London *Daily News* of 31st May says—

"We are glad to find from a letter which we published on Saturday from 'A Newfoundlander,' that public opinion in Newfoundland is in favor of throwing open the island to all telegraphic enterprise. Some twenty years ago a monopoly was granted to certain enterprising American gentlemen to work the

land lines of Newfoundland, and to connect them with Europe by submarine cables. The result of this ill-considered policy has been that messages across the island are charged a preposterous tariff, and the cables of only one particular company are allowed to land on its shores. The concession fortunately contained a clause enabling the Government at the end of twenty years to get rid of this monopoly at a small expense. It is to be hoped that, in the interests of the commerce of the two worlds, the colony will not shrink from acting upon this clause. Our correspondent points out that the geographical position of Newfoundland makes it the proper telegraphic centre between the old and new worlds; and it would appear not only that the island is far nearer to Europe than any other part of America, but that the bottom of the Atlantic between its shores and those of Ireland is a soft level bed of mud specially adapted for submarine cables. The practical effect of a telegraphic monopoly in Newfoundland is to create a monopoly of the bed of the Atlantic. The result is to increase enormously the cost of telegrams between Europe and America. The Newfoundlanders may rest assured that action on their part to put an end to concessions which interfere with inter-oceanic telegraph enterprise, being subjected to the natural laws of supply and demand, will be supported by public opinion both here and in the United States. Were the carrying trade between Europe and America in the hands of one company, the price of freight would be enormous. It is brought down to its natural level by competition. When half-a-dozen competing cables connect Newfoundland with Ireland, we may fairly expect that the charge levied on inter-oceanic telegrams will be very considerably reduced, to the manifest advantage of the public on both sides of the Atlantic."

---

The following very excellent letter from a Conception Bay correspondent of the *Courier* shows that intelligent people in the Outports are giving their attention to the duties of the Government in connexion with the subject, and such persons will be glad to find that the Government have dealt with it in a manner consistent with good sense and with an eye to the interests of the colony, at the same time doing no injustice to any company or individuals :

On  
mail, I  
is assur  
the two  
long un  
time to  
before  
great c  
gratula  
find th  
world's  
culable  
undert  
specul  
the fol  
T  
the pr  
the A  
purpo  
Comp  
the pr  
chair  
plana  
posed  
year  
come  
Atlan  
foun  
from  
willin  
the l  
depth  
that  
had l  
length  
pens  
dem  
be w  
twec

On perusing some of the English papers received by last mail, I find that our long-neglected and almost forgotten island is assuming her destined position as the connecting link between the two continents. Our great natural advantages have been long understood and recognized by local authorities, and from time to time efforts have been made to bring them prominently before the commercial world, but their attempts have been to a great extent ineffectual. Now, however, it is a matter of congratulation to all interested in the welfare of Newfoundland, to find that her geographical position is acknowledged by the world's great commercial and telegraphic speculators as of incalculable advantage to them in successfully accomplishing their undertakings. As an illustration of the interest created in the speculating and monied world, with regard to our future, I give the following extracts from a periodical received by last mail :

The *Money Market Review* of May 24, contains a report of the proceedings of a meeting in London, of the shareholders of the Anglo-American Telegraph Company, convened for the purpose of effecting an amalgamation with the Newfoundland Company and the French Cable Company. After the terms of the proposed agreement were read by Sir William Drake, the chairman of the meeting gave the following amongst other explanations of the reasons which induced them to adopt the proposed consolidation. "By the agreement which was passed last year \* \* \* the proportion of receipts, which would have come to the different companies, was 48 per cent. to the French Atlantic, and 52 per cent. to the Anglo-American and Newfoundland companies, and that was on the laying of the cable from Lands-end to Halifax. But the Directors were very unwilling at that time that this company should be saddled with the liability and risk of laying a cable over those unknown depths. \* \* \* On the 11th of March last it was proved that submarine cables were not so free of injury *at that depth* as had been supposed ; and when it was shown that the great *length* of the submarine cables only *increased* the risk and expense of repairing them in case of breakage—when, too, it was demonstrated that a cable from Ireland to Hearts Content could be worked *twice as fast* as a cable of the same dimensions between Lands-end and Halifax—which was shown to be the case

with similar *unanimity* by the *leading* electrical engineers of the day—when that was so shown, it became of importance that the route of the new cable should be changed. \* \* Without it (amalgamation) the cable would have to be laid to Halifax instead of Newfoundland, at an extra expense of between £200,000 and £300,000 incurred. \* \* Unless a cable was laid to Newfoundland instead of Halifax, it was impossible to repair this cable (1865); and this company could not get permission from the Newfoundland company to land the new cable in Newfoundland unless it amalgamated, and after protracted negotiations £100,000 was arrived at as the sum which the Newfoundland company should receive. \* \* \* When they had got so far, another difficulty cropped up, which was near putting an *end* to the *whole* of the negotiations, viz.: the power of pre-emption by the Newfoundland Government. \* \* \* The Newfoundland company—confident in their rights—had therefore consented to forego for two years the sum of £135,000, \* \* \* and had also consented that if by the 1st of May, 1875, no action had been taken by the Newfoundland Government to the prejudice of this company, that they would hand over the whole of this £135,000 to this company."

Now, Mr. Editor, these extracts most decisively point to the importance of the privilege enjoyed by the Telegraph Company, of landing their cables on our shores; and it is satisfactory to find that our Government have already taken the initiative in the enforcement of rights reserved under a charter granted to the Newfoundland company in 1854. It is not my intention to enter upon the questions of monopoly, pre-emption, &c., involved in a discussion of the terms of the company's charter. I feel that our Government, in this particular, will as heretofore protect the interests of the colony with a due regard to the rights of the company, and by all means throw open our island to the free competition of all speculators in mines, telegraphy, railroads, commerce and agriculture.

---

(From the Newfoundland Public Ledger, July 11, 1873.)

The position taken up by our Government in regard to the charter of the Anglo-American Atlantic Cable Company seems to meet with very general approval both in this and other coun-

tries.  
ders ne  
sonally

T  
occupi  
some  
pany,  
the vi  
wisdo  
tell w  
they r  
and if  
the l  
strong  
pany  
we sh  
ment  
it wil

foun  
throu  
with  
the  
mini  
addr  
ing v  
Daily

to M  
are  
atlan  
'Th  
with  
thro  
to b  
ing  
par

tries. This was to be expected, for monopolies have no defenders now-a-days, excepting individuals who happen to be personally interested in some particular one.

(From the *Newfoundland Morning Chronicle*.)

The subject of doing away with the telegraph monopoly occupies a good deal of the public thought, and although recently some opinions have been published on the side of the company, it does not appear that they have effected any change in the views which have been so generally expressed as to the wisdom of the course pursued by our Government. We cannot tell what arguments Mr. Field may have in reserve. Whatever they may be, they are probably well known to the English press, and if so, seem to have had little weight with them, for we find the hostility to the Amalgamated Company continues very strong, the result of a policy upon the part of the Atlantic Company anything but liberal and business like. The course which we should like to see Mr. Field pursue is to agree to an abandonment of his monopoly, for to this we have not the smallest doubt it will come at last.

The complaints which have been made on the part of Newfoundlanders with respect to the close policy of the company throughout, have been echoed on the other side the Atlantic with proportionally greater force, as the interests involved and the inconveniences suffered were greater. The United States minister at London has now taken the subject in hand, and has addressed his own Government in very strong language respecting what he regards as "systematic imposition." The London *Daily News* of June 30, refers to this correspondence as follows :

"The American Minister in England has written a despatch to Mr. Hamilton Fish bitterly complaining of the charges which are made by the Anglo-American Telegraph Company for transatlantic telegrams to the principal cities of the United States. 'That company have,' says General Schenck, 'an arrangement with the Western Union Telegraph Company in our country, through which a systematic imposition is practised, which ought to be exposed.' The General goes on to point out what this ingenious arrangement is. The Western Union Telegraph Company owns a net-work of lines, connecting New York with the

other cities of America. From city to city there is a fixed tariff. On messages, however, which pass over these lines from Europe, a considerable addition is made to this tariff, and the overcharge is divided with the Anglo-American Telegraph Company. A through message, therefore, to Chicago or Washington from London, costs considerably more than the same message forwarded to New York, and thence to Washington or Chicago. General Schenck deserves thanks for having called attention to this imposition. We have ourselves frequently protested against the absurd rates which are charged on trans-atlantic messages. These rates have enabled the existing companies to perform the American feat of "watering" their stock, or, in other words, adding to their real capital a large amount of paper capital, on which, as well as on their real capital, they hope to pay remunerative dividends by excessive charges. Fortunately there is no monopoly in the bottom of the Atlantic. The monopoly of landing cables in Newfoundland, which has until now been enjoyed by the Anglo-American Company, will cease next year. We may therefore reasonably hope that, within a short period, cables will connect Europe and America, and telegrams between the two hemispheres will be transmitted at a price not above what will earn a fairly remunerative dividend on capital. That our American cousins should be alive to the impositions which are now being practised upon them as well as upon us is fortunate, as united action on both sides of the Atlantic will crush out a monopoly which is due to fortuitous circumstances, and which, of course, involves monopoly prices."

The reduction in the tariff between Newfoundland and the United Kingdom, which has been advertised in some of our local prints, comes too late to have any effect in allaying the universal dissatisfaction in this country. Not only so—it is calculated to set thinking people even more in opposition, as it smacks somewhat of the bribery business—throwing the sprat to catch the mackerel.

In the House of Commons, July 24,

Sir J. Kennaway, in the absence of Lord Charles J. Hamilton, asked the Under-Secretary of State for the Colonies whether it was the intention of the Newfoundland Government to determine the monopoly which now existed in telegraphic

comm  
the lin  
to a u  
the ex  
dence  
to th  
place

M  
land l  
in tele  
tion  
the m  
just a  
nothi  
passe  
befor

THH

held  
ingto  
of m  
Stat  
Mess  
The  
the

unde  
but  
and  
tion  
to a  
wou  
Uni  
was  
tha  
pan



communication between Ireland and Newfoundland, and open the line to all cables and telegraph lines across the island, subject to a uniform tariff; whether any such notice had been given to the existing holders of the monopoly; whether any correspondence had been received by the Imperial Government in relation to this matter; and whether such correspondence would be placed before the House.

Mr. Knatchbull Huguesson—The Government of Newfoundland has given notice to the company now enjoying a monopoly in telegraphic communications with that colony of its determination to terminate that monopoly. Their intention is to open the matter to that competition which they believe to be wise, just and salutary. They will probably establish a tariff, though nothing has been settled as to uniformity. Correspondence has passed upon the matter, and there will be no objection to lay it before Parliament, but it is at present incomplete.

#### THE DIRECT UNITED STATES CABLE COMPANY, LIMITED.

*(From the Money Market Review, August 9.)*

An extraordinary general meeting of the shareholders was held on Thursday, at the City Terminus Hotel, (Mr. E. H. Lushington in the chair) for the purpose of considering the expediency of modifying the route of the proposed cable to the United States, and for making such alterations in the contract with Messrs. Siemens Brothers as might be considered necessary. The Secretary (Mr. Charles S. Clarke) read the notice convening the meeting.

The Chairman said they had met there a short time ago under the articles of association for an ordinary general meeting, but they now had come together at an extraordinary meeting, and for a special purpose which required their grave consideration, and he trusted that their good judgment would lead them to adopt the resolution which the directors put before them. It would be recollected that they called the company the *Direct* United States Cable company, and that their original intention was to lay the cable from Ireland direct to New Hampshire. At that time they were not aware that any other Telegraph company than the New York, Newfoundland and London Telegraph



company could land at Newfoundland. However, they had learned that the agreement between the Newfoundland Government and the Newfoundland and London Telegraph company could be terminated by the Government at the end of the twenty years mentioned in the concession, which period terminated in April, 1874. They therefore had entered into communications with the Newfoundland Government to see what their intentions were on the subject, and after some little delay, were favoured with a copy of a letter, addressed by the Colonial Secretary to Mr. Field, who was well known as the principal man in connexion with the Newfoundland Telegraph company. That letter was as follows :—

“Government House, Newfoundland,  
Secretary's Office, May 26, 1873.

*“The Colonial Secretary to Mr. Field.*

“SIR,—The Executive Council of Newfoundland make the following propositions to the New York, Newfoundland and London Telegraph company, in view of a speedy arrangement of certain matters that may shortly arise under the charter granted to the company in 1854. First : The surrender on the part of the above company of their exclusive right to land cables on our shores. Second : The surrender on the part of this Government of their right of pre-emption. Third : These mutual concessions to be made only on the distinct understanding that they are merely preliminary, or the basis of an arrangement by which the New York, Newfoundland and London Telegraph company, and all other companies landing cables on the shores of this island and Labrador, shall be subject, amongst other conditions, to a certain tariff or charge payable to our Government on messages sent or received through or by such cables, or over their lines in this island. Fourth : If the above arrangement fails, the pre-emptive clause to be put in force by this Government.

“I have, &c., &c.,

“(Signed,)

JAS. L. NOONAN,  
Colonial Secretary.”

This letter was further confirmed in the House of Commons one or two evenings ago, when the Under-Secretary of State for the colonies, in answer to Sir James Kennaway, said that it was

the intention of the Newfoundland Government to adhere to that arrangement. He had further received a communication from the Newfoundland Government, dated the 16th of July, 1873, which stated their determination to adhere to the proposal submitted for the acceptance of Mr. Field. Hitherto, Mr. Field had made no reply to the communication he had read ; but, however, the shareholders would see clearly that the effect of it was, that the Newfoundland Government intended to throw open their shores to any cable, and that they would thus have the opportunity of going there, as well as any other company. He thought that, for long distances, there could be no doubt that the shorter line was an immense advantage. In the direct line which they had proposed to lay from Ireland to Newfoundland, it was expected that they would not be able to send more than nine words per minute. If the cable went round by Newfoundland and Nova Scotia, they would be able to communicate at the rate of seventeen words per minute. They would therefore, gain an absolute advantage in point of speed ; and they would also be able, by carrying the cable to Nova Scotia, to obtain the Canada traffic, and from thence to New Hampshire. He had no hesitation in saying that all authorities on the subject would tell them that it would be highly beneficial to the company to adhere to this route. They would incur no more extra expenditure by this route than they had bound themselves to in the first instance ; and it appeared, from inquiries by their consulting engineer, that if they landed the cable at Newfoundland, there would possibly be a saving of about £6,000 upon the amount they had bound themselves to pay. If they were not able to land the cable in 1874, as they hoped they would, some additional expense might be incurred, but that additional expenditure would be only required for a small period, for eventually they felt certain that everything would be for the benefit of the company. The long and short of the matter was, that by landing the cable at Newfoundland they would get a better article for their money, and would have messages at a cheaper rate than they thought that they would be able to do when they put forward their original prospectus. He wished also to say a few words as to the Messrs. Siemens. He had taken the opportunity of visiting their works, and there he saw that every possible security was being adopted

by Messrs. Siemens, and by the company's consulting engineer, to secure the very best possible cable that could be made. Every piece of copper wire and every bit of rope was specially tested before they could be used, and each piece was numbered, so that if at any future time an accident should happen, the Messrs. Siemens would be able to tell in which piece the breakage occurred. He then proposed—"That in the opinion of this meeting it is desirable to adopt the recommendation of the board, and make such arrangements as will enable the company to land its cable at Newfoundland and Nova Scotia, or either of them, *en route* to the United States; and that the directors be requested to make such alterations in the contract with Messrs. Siemens Brothers, and take such steps as in their judgment may be best calculated to effect this object."

Lord Bury, M.P., seconded the resolution.

The Chairman: Would any gentleman like to make any observation? I shall be happy to do my best to answer any question.

A Shareholder inquired if they had the right of carrying the cable to Nova Scotia. He asked because he had heard that an American company possessed the sole right.

The Chairman said that they were not aware of anything which would prevent them going there to-morrow.

Lord Bury said there was no difficulty in going to Nova Scotia.

Mr. H. Labouchere said that there would be no difficulty in going there, as recently a bill had passed through the Canadian Legislature which threw the country open to all comers.

The resolution was then put to the meeting and carried unanimously.

A vote of thanks to the chairman closed the proceedings.

---

*(From the St. John, N. B., Daily Telegraph, July 29.)*

We are glad to find that Newfoundland is battling against the ocean cable monopoly. The right of pre-emption reserved to the island was a wise one in the interest of that colony, Great Britain and her possessions, and, indeed, the whole world. It is not desirable that any one man or company should have, for all time, the exclusive right of landing cables on the island. We

trust that the right of pre-emption has been legally secured by the island and will not be surrendered.

## THE SHORTEST ROUTE TO AND FROM EUROPE— *via* NEWFOUNDLAND.

BY THE REV. M. HARVEY, ST. JOHN'S, N. F.

(*From the Maritime Monthly, June, 1873.*)

At the present day Newfoundland seems to be emerging from the traditionary fogs in which for ages it has been enveloped, and to be gradually rising into that importance to which its remarkable geographical position and fine natural resources fairly entitle it. It has long been noted for its cod and seal fisheries; and the silvery quarries of its surrounding seas have been wrought for centuries without any symptoms of approaching exhaustion. Now, however, it is becoming known that its primitive rocks contain rich veins of copper, nickel and lead; that iron ore is to be found in proximity to a promising coal field, on the western coast; that marble and gypsum beds are extensively developed, and that great breadths of fertile land exist, capable of supporting many thousands of inhabitants in comfort. In addition to these substantial attractions, which are operating to draw attention to this fine island, there is the charm of an unknown interior, which only one white man has ever yet crossed. What its vast savannas, occupied only by the bear, the wolf and the reindeer, may contain, of the valuable and wonderful, no man knows. Its hills and plains and "forests primeval" are less known than those of any other portion of the New World. Only a narrow fringe round the coast has been yet explored, and even that but imperfectly. It is not creditable to modern enterprise, that an island whose area is nearly four times as great as that of Belgium, and which contains 12,000 square miles more than Scotland, should at this day be a *terra incognita*, especially when we remember that it is the most ancient of Britain's colonial possessions, and lies nearest to her shores.

It would seem, however, that the remarkable and commanding geographical position of the island is destined to secure for it that attention which its natural attractions have hitherto failed to command. Nature has marked it as the proper terminus for

those Atlantic cables which are flashing intelligence between the Old World and the New, and which will be multiplied yearly as their benefits are felt more widely, and their expense lessened. Those already laid down emerge from the depths of ocean on the shores of Newfoundland; and it remains to be seen whether it is possible to find any other safe and workable route. Fortunately, the charter of the "New York, Newfoundland and London Telegraph company" secures to the Government of Newfoundland a right of pre-emption which enables it to purchase, for the cost of plant, the line which now crosses the island, as well as the submarine cables, at the end of twenty years from the date of granting this charter. This period will terminate in 1874. In all probability the colony will then reclaim the exclusive right of landing cables on the island, now vested in the company named above, and thus end a monopoly which, though necessary at the outset of trans-atlantic telegraphy, it would not be desirable to maintain, in view of international interests. It is not improbable that, in the future, the island will thus become the great telegraphic station between America and the Old World, and that it will be the landing place for the various cables that will span the Atlantic, and the ganglionic centre whence will stretch the nerves that unite the two hemispheres. Reaching out from the American continent within 1640 miles of the Irish coast, and having in its deep bays, whose arms stretch so far inland, safe recesses for the landing of cables, it possesses unrivalled facilities for oceanic telegraphy. Nor is this all. Nature has so smoothed the ocean bed between Newfoundland and Ireland, that the greater part of it is level as a bowling-green, and presents the safest and best of all resting-places for trans-atlantic cables. Once dropped into those serene depths, they are beyond the reach of danger. Professor Huxley says, in his "Lecture on a Piece of Chalk:"—"The result of all these operations is that we know the contours and the nature of the surface—soil covered by the North-Atlantic, for a distance of 1,700 miles from east to west, as well as we know that of any part of the dry land. It is a prodigious plain—one of the widest and most even plains in the world. If the sea were drained off, you might drive a waggon all the way from Valentia, on the west coast of Ireland, to Trinity Bay in Newfoundland. And, except upon one sharp

incline, about 200 miles from Valentia, I am not quite sure that it would even be necessary to put the skid on, so gentle are the ascents and descents upon that long route. From Valentia the road would lie down hill for about 200 miles to the point at which the bottom is now covered by 1,700 fathoms of sea-water. Then would come the central plain, more than a thousand miles wide, the inequalities of the surface of which would be hardly perceptible, though the depth of water upon it now varies from 10,000 to 15,000 feet; and there are places in which Mount Blanc might be sunk without showing its peak above water. Beyond this, the ascent on the American side commences, and gradually leads, for about 300 miles, to the Newfoundland shore." Such is the great bed, smoothed by nature's hand, along which the telegraphic cables may stretch in safety between the two continents. No fear of abrasion from jagged submarine cliffs, or chafing against sharp rocks. The deep-sea mud, which the men of science tell us is substantially chalk, receives the slender rope of wire, all along this ocean plain, and safely embeds it in its soft substance, protecting it from all injuries. Only within a comparatively short distance from the shores can any fatal wound be inflicted.

These natural advantages render it highly desirable that the island should be thrown open to telegraphic enterprise, and every facility granted for the landing of cables on its shores. The interests of civilization require that it should be preserved free from all monopolies. No doubt the colony, in exercising its right of pre-emption, will have to expend a certain amount of money in buying up the existing line; so that a small toll on messages passing over its wires would not be unreasonable; and in the end this might become an important item of revenue to aid in developing the resources of the country. But it is of the last importance, in the interests both of Britain and America, that the exclusive right of landing telegraphic cables on the shores of Newfoundland and Labrador should be terminated, and "right of way" secured by the Government of the colony. Should such purchase as I have referred to not be effected, the present monopoly would be prolonged for thirty years, in terms of the present charter. Already an application from a new company, to use Newfoundland as a landing point for their cables has been made, in anticipation of pre-emption being ex-

exercised on the part of the colony. I refer to "The Direct United States Cable Company." The present land line of telegraph extends from Heart's Content, on the southern shore of Trinity Bay, to Cape Ray, a submarine cable being sunk between that point and Cape North, in Cape Breton Island. Trinity and Placentia Bays are severed by a neck of land only three miles in width; and last year the "New York, Newfoundland, and London Telegraph Company" laid down a submarine cable from Placentia *via* St. Pierre, to Sydney, communication being established overland, between Heart's Content and Placentia. By this route a junction is effected between the French cable which is landed at St. Pierre, and that which crosses Newfoundland; so that in case of accident happening to either, the aid of the other can be called in. While I am writing these lines a telegram has announced the amalgamation of the two companies.

### CONCLUSION.

The foregoing documents and extracts seem to establish conclusively the following points:

1. That "Newfoundland is the natural terminus of all Atlantic cables from Europe;" that were its shores free for telegraphic purposes, no other route would ever be adopted; and that trans-atlantic telegraphy can be efficiently carried on only by using its shores as a landing-site for cables, so that this island is indispensable in maintaining telegraphic communication between the two hemispheres.
2. That were the existing monopoly terminated Newfoundland would speedily become "one of the most important telegraphic centres in the world," and gain immensely in importance in its revenue, and in regard to its public interests.
3. That a continuance of the present monopoly is highly prejudicial to the interests of this colony as well as to the interests of the civilized world, and that its abolition, at the earliest possible date, is most desirable.
4. That "the Government of Newfoundland can at any time after the 15th of April, 1874, exercise its rights of pre-emption," and purchase the Telegraphic lines and plant of the existing companies on the very moderate terms defined in the



act of 1854, and that, in the opinion of the most eminent counsel in England, these rights are indefeasibly secured by statute to the colony. To neglect the enforcement of such important rights would therefore be a betrayal of the public interests.

5. That in terminating the existing monopoly, Government will be warmly sustained by public opinion in this island as well as in Britain, the United States and the Dominion of Canada.

6. That the termination of the monopoly will speedily be followed by the landing of new cables on these shores, one company having already a cable in process of manufacture, with the view of adopting this route ; and that the cost of sending messages will, in all probability, be reduced to a fourth of the present charges, thus introducing a new era in trans-atlantic telegraphy.

7. That in return for the valuable concessions made to the New York, Newfoundland and London Telegraph company, this colony has as yet reaped few, if any, solid returns ; and that an opportunity now offers of securing those advantages to which the colony is fairly entitled.

8. That in view of the extended use in the future of telegraphic communication between the two hemispheres, as population multiplies, the removal of the monopoly opens up a source of revenue for Newfoundland which may be indefinitely increased, and which will prove of great consequence in developing the resources of the country.

9. That the course already taken by the Government of Newfoundland, on this important matter, seems to have met the approval of the press and public of Britain and America, as well as that of the Imperial Government, and appears to be entirely in accordance with the current of public opinion in Newfoundland.



