

Negotiations.

3. When I was passing through New York, I had several interviews with Mr. Cyrus Field, who, as you are doubtless aware, is fairly entitled to be considered the parent of long ocean telegraphy. Mr. Field enthusiastically urged the advantage of a connection between San Francisco and Australia, together with a connecting line from Honolulu to China and Japan. I enclose you a copy of some correspondence on the subject between Mr. Field and myself, together with one set of the maps he sent to me. Since I have arrived here, I have come to the conclusion that America is more likely to aid the construction of a line of cable to China, without mixing up with such a project communication with Australia.

4. I found on my arrival in London that the Eastern Extension Company had invited all the Agents-General to meet them, and had proposed a scheme for duplicating the line between Singapore and Australia, not dissimilar to the one submitted to you through the Secretary of State for the Colonies. Copies of the proposal were sent to this office, but through some oversight it does not appear that any of them were forwarded to the colony. I now enclose two copies.

5. I had so much to do with the subject of cable communication with the colonies that I naturally examined the proposal of the Eastern Extension Company with great interest. It seemed to me so open to exception, that I felt inclined to ask the Company to reconsider it, with the object of placing before the Australasian Governments more favourable proposals. With this view I wrote the letter of which I enclose copy. I also saw some of the Agents-General with the object of inducing them to either call a meeting of the Agents-General, or to write to the Company critically examining the proposals made, and inviting their reconsideration. I find that those Agents-General with whom I communicated were not inclined to take any action pending instructions from their Governments. They had sent out copies of the Eastern Extension Company's proposal, and were to some extent differently placed from me, inasmuch as they might shortly expect a reply. Under these circumstances, I very carefully considered the course I should pursue, and it appeared to me undesirable to send the letter to the Company. If there could have been a meeting of Agents-General, I think, without making their Governments in the slightest degree responsible, they might have been enabled to elicit from the Company more favourable proposals. But if I, single-handed, addressed myself to the task, I could not have expected any other answer than that the Company preferred waiting to hear from the colonies, and would be willing to consider any counter propositions which might be submitted to them. I, however, send you the letter, as you may consider my criticisms on the proposal to possess some interest. I am of opinion that the Company's proposal in its present shape is quite inadmissible; but that if the Government were to propose something in the nature of what I have indicated, the Company would be willing to modify their proposal.

6. I cannot do sufficient justice to my strong conviction of the paramount attention which the subject demands from the colonies. The one disadvantage which as countries the Australasian Colonies labour under is distance from the great centres of civilized populations. The measures which assist in lessening the difficulties arising from that distance are of overwhelming moment to the colonies. First amongst such measures is cable communication; but as yet the advantages derivable from it have only to a very trifling extent been experienced.

The disturbance of the line has been so frequent that cable communication could never be relied on. I am of opinion that nothing short of a complete duplicate system from end to end will give such security against frequent break-downs as will serve to remove the want of confidence which is felt in cable communication. The duplication must be through Australia as well as beyond Australia; and the choice must therefore be made between Western Australia and Queensland. You will see, by the letter to which I have already referred, that I have to a great extent changed the opinion I previously expressed against the Queensland route. The subject demands much consideration, and its decision largely depends upon Queensland being willing to give cheap rates to Normanton. It will be remembered that, when the matter was under review before, Queensland proposed to charge the other colonies 7s. for messages which, within its own limits, could be sent for 1s. or 2s.—I forget which.

7. Scarcely less important than continuity is rapidity of communication. In this respect the colonies have never known the benefit of the cable. They have enjoyed an accelerated rate of communication, but nothing in the nature of that rapidity which cable telegraphy means to other parts of the world. The average time of a cablegram between New York and London is less than a quarter of an hour. I am afraid to write what I think the average has been between London and Australia. You will notice Mr. Field dwells upon the point in his letter to me. And-by a return of the Company's own, which I enclose, you will see what can be done in the way of speed, and will be able to compare the results with those we have generally experienced, and which we have grown to anticipate in using the cable. As a consequence of the long time occupied in transmission, the cable has been comparatively useless for purposes which require a rapid interchange of ideas. Many thousands of pounds have been lost and much inconvenience occasioned by the hope of obtaining even moderately rapid communication. In consequence, the cable has gained little in popularity. With certain and rapid communication the business would enormously increase. The time has come, I think, when the Government of the colony should determine that something should be done to increase the present rate of speed. I have reason to think that much of the delay arises through precedence being given to Indian business, there being considerable competition between the two Companies that convey messages between Europe and India.

8. I will place myself in communication with the Colonial Office, as you suggest, though in my opinion there is little prospect of any assistance being given. I believe it is not impossible that the Imperial Government will aid a line to the South African Colonies by appending a guarantee, and accepting in exchange a guarantee from the different colonies. Such a plan would not be likely to suit the Australasian Colonies. It involves a continuous guarantee, whether or not the line works. It may be worth while to give such a guarantee to get a line which private enterprise seems otherwise to decline, but it is scarcely necessary to give it in a case where cable communication has been established without Government subvention or aid.