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No. 4.

MEMORANDUM relative to proposed PACIFIC CABLE by the CHAIRMAN of the Eastern, and Eastern Extension Australasia and China Telegraph Companies.

Winchester House, 50, Old Broad Street, London, E.C., 23rd December, 1886.

My attention has been drawn to a proposal for the establishment of submarine telegraphic communication between the Australasian Colonies and Canada *via* the Pacific.

As a scheme having this object in view has been for many years contemplated, and has received the careful consideration of the telegraph companies of which I am chairman, I may perhaps be permitted to state the grounds on which it has been regarded as one not calculated in the long run to attain the objects for which it is advocated, viz. :—

A substantial and permanent lowering of the tariff; and

Secondly, the providing of a reliable alternative route, especially in time of war.

It is not disputed that to provide a single line of cables only between Australasia and Vancouver would require a capital of £2,000,000, but to put the line on the same footing of security as the existing telegraphic service, which is duplicated and in some places triplicated, a capital of over £4,000,000 would be required.

On the other side will be seen two estimates, one based on the figures said to be given by the promoters of the Pacific cables, and the other on the experience of the several submarine telegraph companies with which I have been for many years connected, and which, I have no hesitation in stating, are figures that can be confidently relied upon.

Assuming for a moment the accuracy of the first, or promoters', estimate, it will be seen that in consideration of a subsidy of £100,000 the tariff is to be fixed at 4s. a word. But the companies which I have the honour to represent have offered the same tariff in consideration of a subsidy of £75,000 a year, and on the guarantee principle suggested by the companies a 4s. rate might be established on still more favourable conditions to the colonies.

Let me now examine the promoters' estimate, with a view to ascertaining how far the figures set forth in it are likely to be realized. Judging by the light of the experience gathered during many years of submarine telegraph management, I cannot estimate the expenses of working a single line of cables connecting Australia and Vancouver Island at less than £135,000 a year, or £85,000 a year in excess of the promoters' estimate. Again, the estimate of receipts seems to be greatly exaggerated. Assuming that a Pacific cable would take half the existing traffic with 100 per cent. increase, in consequence of the reduced tariff, the result would be a net revenue of £175,000 a year, or only just sufficient to meet debenture interest and working expenses.

From the above statement I think I am entitled to say that the establishment of telegraphic communication by the Pacific would merely operate to saddle the colonies for twenty-five years with an annual payment of £100,000, at the same time augmenting the total capital invested in providing telegraphic communication between the colonies and Great Britain by the large sum of £2,000,000 in the case of a single line, or £4,000,000 if it were duplicated.

It is urged, however, that, admitting in time of peace the present means of communication are adequate, in time of war the existence of an alternative route would be a great advantage. The reply I would make to this is that it would be impossible for the British Government, however anxious to do so, to provide the necessary means of protection in the case of cables laid across the Pacific, far away from the routes followed by merchant ships, and at immense distances from coaling stations. Moreover, the Pacific line would necessarily consist of long stretches across enormous and practically unsurveyed depths, terminating on coral reefs, and would, consequently, be exposed to constant interruptions, which would render its maintenance most costly and difficult.

Instead of a Pacific cable benefiting the colonies, I believe that the laying of such a line would only benefit its promoters, and would be inimical to the interests of the telegraphing public, as it would inevitably lead to a war of tariffs, which would eventually impoverish both the Pacific and the existing cables, and result in a starved and inefficient service, the only remedy for which would be higher tariffs or much larger contributions from the colonies.

If the principal object which the colonies have in view is to obtain a cheaper tariff it would, I submit, be more profitable to apply the amount asked for by the promoters of the Pacific scheme, or whatever other sum the colonies may be prepared to expend, towards enabling the Eastern Extension Company and its allied companies to make a substantial reduction in the present cable charges.

JOHN PENDER,

Chairman of the Eastern, and Eastern Extension Australasia  
 and China Telegraph Companies.

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