

Resolution of the Australian Government :—

“That this Conference strongly recommends the nationalization of the Atlantic cable in order to cheapen and render more effective telegraphic communication between Great Britain, Canada, Australia, and New Zealand by thus acquiring complete control of all the telegraphic and cable lines along the ‘all-red’ route.”

1. There are the following objections to the provision of a State-owned cable across the Atlantic for Pacific cable traffic :—

(1.) The traffic passing over the Atlantic to or from the Pacific cable (amounting, roughly, to about 1,000,000 words per annum) would not constitute a sufficient load to make it possible to work the cable otherwise than at a loss. If the cable is not fully employed any reduction in rates would increase the loss.

(2.) It would not be possible to supplement this traffic by competing for Canadian or United States business, for the following reasons :—

(a.) There would be no certainty of obtaining the use of connecting land lines, as the inland telegraphs in Canada as well as in the United States are in the hands of private companies in alliance with those cable companies with which the State-owned cable would be competing.

(b.) It would not be practicable to make satisfactory arrangements with the competing cable companies for the handling of the traffic in the event of the interruption of the Government cable—a contingency to which cables in the North Atlantic are much exposed. It would therefore be necessary either to submit to unsatisfactory agreements or to lay two cables, thus adding greatly to the cost.

(c.) As regards traffic from the United Kingdom, the Post Office is bound (under an agreement which dates from the time of the purchase of the inland telegraphs by the State in 1870) to hand to one of the cable companies all messages for North America which are handed in without indication of route by the sender.

(3.) The possible development of wireless telegraphy in the future would make ownership of transatlantic cables a very speculative undertaking.

2. The objects of the proposal are to secure cheapness and efficiency.

The existing service does not give rise to complaints of inefficiency. Indeed, the service is generally looked upon as efficient.

As regards cheapness,—

(1.) The British and American transatlantic cable companies have agreed, so far as they are concerned, to the proposal to charge half-rates for deferred telegrams in plain language (see section 4 of the memorandum on the resolution relative to the cheapening of cable rates which is to be moved by the Government of New Zealand).

(2.) The Postmaster-General hopes that he may find the cable companies not unwilling to make a reduction in the rates for Press telegrams.

(3.) He hopes also that it will be found possible to impose Government control of the rates charged by those companies. One of them, indeed, has already intimated its readiness to accept such control (see section 3 of the above-mentioned memorandum on the resolution of the Government of New Zealand).

There is accordingly a prospect of obtaining the end in view without the expenditure and the risk which the laying of the cable by the State would entail.

3. If it would be to the advantage of the Pacific Cable Board in the handling of their traffic to have direct control over a wire across the Atlantic it might be possible to secure the partial use of one of the existing cables for this traffic by an arrangement with a private company, and by such an arrangement also provide an alternative line in the event of interruption.

General Post Office, London, 24th February, 1911.

Enclosure 2 in No. 53.

MEMORANDUM.—STATE-OWNED TELEGRAPH-LINE ACROSS CANADA.

RESOLUTION of New Zealand Government :—

“That, in order to facilitate the handling of the traffic and to insure entire control over the route in which it is engaged, the powers of the Pacific Cable Board be extended to enable the Board to work a land line across Canada.”

The proposal for the construction of a telegraph-line across Canada is put forward in connection with the proposal for the provision of a State-owned cable across the Atlantic, and it may be that it is regarded as dependent on the decision to be arrived at with regard to that provision.

The Postmaster-General understands that the arrangement under which the Pacific Cable Board have taken a lease of a line between Montreal and the Pacific coast has enabled them to effect a marked improvement in working on the section on which such improvement was required.

If the Pacific Cable Board are dissatisfied with the working of the companies which provide communication between Montreal and the Atlantic coast, a remedy might be found in a similar lease of a private wire over that section.

The provision of a State-owned line across Canada would necessitate a heavy outlay, and in the absence of a working arrangement with one or other of the companies controlling the land lines in Canada, reliance on a single line would expose the service to the risk of dislocation in the case of interruption.

General Post Office, London, 24th February, 1911.