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CABLE COMMUNICATIONS.

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# REPORT

OF THE

## INTER-DEPARTMENTAL COMMITTEE

ON

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## CABLE COMMUNICATIONS.

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Presented to both Houses of Parliament by Command of His Majesty.

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TREASURY MINUTE, DATED 29th NOVEMBER, 1900.

The Chancellor of the Exchequer states to the Board that Her Majesty's Government has decided to appoint an inter-departmental Committee on the system of Cable Telegraphs of the Empire. The terms of reference to the Committee are as follows :—

“To inquire into the present system of telegraphic communication between different parts of the Empire, and to consider in what respects it requires to be supplemented. To investigate the relations between private cable companies and the Imperial and Colonial Governments (including the Government of India), the amount of control at present exercised by these Governments, and the policy which should be pursued by them in future, especially when new concessions are sought. To examine existing rates, to report how far they are fair and reasonable; and, if not, how any reduction should be effected.”

The Committee will consist of the following members :—

The LORD BALFOUR OF BURLEIGH, Secretary for Scotland (Chairman).

The MARQUESS OF LONDONDERRY, Postmaster-General.

The Right Hon. R. W. HANBURY, President of the Board of Agriculture.

The EARL OF HARDWICKE, Under-Secretary of State for India.

The EARL OF ONSLOW, Under-Secretary of State for the Colonies.

Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E., Director of Military Intelligence.

Rear-Admiral R. N. CUSTANCE, R.N., Director of Naval Intelligence.

My Lords approve.

## INTER-DEPARTMENTAL COMMITTEE ON CABLE COMMUNICATIONS.

### FIRST REPORT.

**May it please Your Lordships,**

We have the honour to report that, in accordance with the instructions contained in your Lordships' Minute of the 29th November 1900, we have held 18 meetings and examined 30 witnesses. While we are not yet in a position to arrive at a conclusion upon all the complicated and important points which have been brought before our notice, there is one subject upon which we desire to express an opinion without delay.

This subject is the question of the Indian rate, which now stands at 4s. It will be remembered that, in a speech made by the late Financial Secretary to the Treasury in the House of Commons on 22 May 1900, a statement was made on behalf of the India Office that it was practically arranged that there should be at once a reduction to 2s. 6d. a word and that, if the 2s. 6d. rate brought in a certain number of messages, the rate would shortly be reduced to 2s.

In point of fact it had been definitely agreed between the India Office, the Eastern Telegraph Company, and the Indo-European Telegraph Company, that the rate should be reduced to 2s. 6d., and that if in any three consecutive years after that reduction the receipts of the Joint Purse reached an average of £360,000, there should be a further reduction to 2s., the Indian Government undertaking for ten years to pay one-third of the amount by which the yearly receipts fell below £360,000, subject to a maximum annual liability of £45,000.

We have learnt with much surprise that, in spite of the fact that the Eastern Telegraph Company possessed a complete independent system of cables from London to Bombay, and that they had every disposition to make the stipulated reduction, the assent of Russia and, apparently, of Germany also was required before it could be carried into effect. This assent has not in either case been obtained.

The power of veto possessed by these foreign Governments is derived from two sources—(i.) the Joint Purse Agreement between the Indo-European Telegraph Department, the Indo-European Telegraph Company, and the Eastern Telegraph Company, and (ii.) the International Telegraph Convention and the Service Regulations attached thereto. In view of the anomalous nature of the position, we think it desirable to set out the facts on each of these points in some detail.

#### I. JOINT PURSE AGREEMENT.

We think it necessary, in the first place, to say a few words with regard to the alternative lines of telegraphic communication between this country and India.

A telegram sent from Bombay to the United Kingdom may go by three Routes to India. routes.

##### A. The Eastern Telegraph Company's Submarine Cable,\* via Aden, Suez, Alexandria, Malta, Gibraltar, &c.

With the exception of the land lines through Egypt, this is an all-British route, but for the fact that only *one* line goes direct from Gibraltar to England. The rest touch either at Lisbon only, or at Vigo and Lisbon.

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\* The message cannot be delivered direct to the Company at Bombay. It must be handed to them by the Indian Telegraph Department.

### B and C. The Land-lines.

Here in any case the message must go over the lines of the Indian Telegraph Department as far as Karachi, and over the lines of the Indo-European Telegraph Department (also called Persian Gulf lines) as far as Bushire. At Bushire the routes diverge.

**B.** For the **Turkish Route** the message goes on to the end of the Indo-European Department's cable at Fao; thence it passes over the Turkish Government's lines (which have been assisted in the past by the Indian Government) up the Tigris Valley and on to Constantinople. From here it may be sent to the United Kingdom by several routes.

**C.** For the **Indo-European Route** the message goes over five sections.

#### (i.) *Bushire to Teheran.*

This line was constructed by the Indo-European Department for the Persian Government in 1865, and is worked by the Department under a treaty which has now been extended to 1925. At that date the line will lapse to the Persian Government unless the treaty is extended.

From the transit receipts on this section a fixed rent of 120,000 francs is paid to the Persian Government for this and the following section. The remainder of the receipts is equally divided between the Indo-European Telegraph Department and the Indo-European Telegraph Company.

#### (ii.) *Teheran to Julfa (on the Russo-Persian frontier).*

This section was constructed by the Indo-European Telegraph Company, and has been worked by them since 1870. The whole of the transit receipts on this section go to the Company, who pay a royalty of 20,000 francs to the Persian Government (in addition to the rent mentioned in the preceding paragraph). The concession under which the line is worked expires in 1925, and at that date the line will revert to the Persian Government if the concession is not renewed. Both these sections may therefore be regarded, in a sense, as the prospective property of the Persian Government.

#### (iii.) *Julfa to the Russo-German frontier.*

The Russian section (constructed by the Indo-European Company) is held on somewhat similar terms to the Persian section. A concession (due to expire in 1905) has just been renewed till 1925. The line will become the property of the Russian Government in 1905, but will continue to be worked by the Company until 1925.

We understand that, in return for this renewal, it was arranged that in future the Company should pay a Royalty of 17½ per cent. (instead of 10 per cent., as heretofore) on the transit rate received by it in respect of the Russian section, and that, moreover, a certain fixed minimum payment should be guaranteed to the Russian Government.

#### (iv.) *Russo-German frontier to Emden.*

The German section was constructed by the German Government, whose property it is. It has been leased to the Company under a concession expiring in 1904.

Whether the concession is likely to be renewed is still uncertain.

#### (v.) *Emden to Lowestoft. Lowestoft to London.*

These final sections are leased to the Company by the Post Office, with the consent of the German Administration as regards the Emden-Lowestoft section, under an arrangement expiring in 1904. The Company pay a rent of £7,000 for the Emden-Lowestoft section, and of £1,200 for the Lowestoft-London section, and retain all the receipts in respect of these sections. The rent of £7,000 is shared equally between the German and British Administrations, who are joint owners of the section.

Before proceeding to explain the circumstances under which the Joint Purse Agreement was formed, we would observe that, for purposes of competition, the Eastern Telegraph Company's system has, when compared with the other Administrations, the great advantage of solidarity. Neither the Indo-European Telegraph Department's line nor the Indo-European Telegraph Company's lines nor the Turkish lines are of any service, taken alone, as regards traffic between the United Kingdom and India. Consequently, the Indo-European Telegraph Department is powerless, as regards such traffic, unless it can provide for a continuation of its system into Europe by an allied administration—either *viâ* Russia and Germany or *viâ* Mesopotamia, Turkey, &c.; and the Indo-European Telegraph Company is powerless unless it can provide for the transmission of its messages from Teheran to India.

The Eastern Telegraph Company's system has the advantage of solidarity.

The actual history of the three administrations was, briefly, as follows:—

The Indo-European Telegraph Department was first in the field, communication between Karachi and Bushire and Fao being established as early as 1864. From Fao the Turkish line was continued to Bagdad and Constantinople, and from Bushire a line was constructed *viâ* Teheran and Khanikin to Bagdad. Both these lines were built with the aid of the Indian Government. Shortly after a (very indifferent) service from Moscow to Teheran *viâ* Tiflis was established under a Convention between Russia and Persia and joined the line from Teheran to Bushire.

Circumstances leading to the conclusion of the Joint Purse Agreement

In 1870 a *direct* route *viâ* Russia and Germany—now the Indo-European Telegraph Company's route—(replacing the route *viâ* Moscow) was opened; and in the same year the competition of the submarine cables began.

During the next few years the inferiority of the Turkish route became apparent. The Indian Government, who have appreciated its value as one of the competing lines to India, have from time to time afforded it assistance in various ways, but it has never proved a really effective route, and this fact has been to some extent recognised by the International Telegraph Convention, which has assigned a lower rate to Indian messages passing by that route. In spite of this, the moral effect of its existence as a possible competitor has been considerable and has provided a useful check on the Indo-European and Eastern Companies.

The field being thus left to the Eastern Telegraph Company, and the land lines (*i.e.*, the lines of the Indo-European Telegraph Company and the Indo-European Telegraph Department) a keen competition resulted, in which the former gradually succeeded in attracting the larger share of the traffic to itself; and the prospects of the two latter as independent undertakings were seriously affected in 1877 by the Russo-Turkish War, when they were interrupted for three months. The Department did what lay in its power to support the Company; but finally, without consulting the Department, the Company entered into a Joint Purse Agreement with the Eastern Telegraph Company. It was then to the interest of both Companies to send as much traffic as possible by the Eastern Company's route, since on that route they received a much larger proportion of the total rate; and the result, as explained above, was that the Department was left isolated and powerless unless it could secure the Turkish lines as an effective route. Its attempts to do so were not very successful; and when, somewhat alarmed at the negotiations between the Department and the Turkish Government, the allied Companies invited it to join in the Joint Purse Agreement, it was considered by the India Office good policy independently of any financial consideration to accede, in spite of some unwillingness on the part of the Government of India.

The difficulties of the position are obvious, and we do not feel it incumbent upon us to express an opinion as to the desirability of some such Agreement, though we shall shortly record our view that certain of its provisions were unwise.

The details of the Pooling arrangement established under the Agreement, which do not directly concern the present question, are given in Appendix A. We desire, however, to refer to two criticisms upon it which appear to us to be ill-founded.

Criticisms of the pooling arrangement.

Firstly, it has been alleged by critics of the Agreement that the Eastern Telegraph Company have endeavoured to thrust work, and, consequently, expense on the land lines, with the knowledge that, however the tariffs are earned, they will ultimately go into the Joint Purse. A safeguard against such a proceeding is, however, provided by the fact that messages sent by the Eastern Company's route bring larger profits into the Joint Purse than messages sent by the land lines, because on the latter route considerable payments have to be made to the Administrations from which their concessions are derived.\*

Secondly, it is easy to exaggerate the importance of the question whether the amount paid in to the Joint Purse by the Indo-European Telegraph Department exceeds the amount drawn out by it in return.† While we recognise that, if the amount paid in largely exceeds the amount drawn out, the fact does raise the presumption that an unfair share of work is being thrown on the Department, we submit that it is more important to consider whether the amount so drawn out by it is greater than the amount which the Department would have received had there been no Joint Purse Agreement, and whether the receipts leave an adequate margin of profit over the working expenses. We are informed that a satisfactory profit is, in fact, obtained.

**Duration of the Agreement.**

The provision made with regard to the duration of the Agreement appears to us to be far more open to criticism. The clause which governs this point is drafted in somewhat peculiar terms.

“The Agreement to be in force until 31st December, 1895, or for any longer period to which the Indo-European Company's concessions may, *whilst the Agreement remains in force*, be extended, but subject to the Agreement being sooner determined as provided by Clause XVII.,‡ and subject also to revision of any of its provisions at any time, by mutual agreement, and at the end of any period of seven years from the commencement of the term, by arbitration in case of difference, on either Administration giving six months' notice to the others that such a revision is required, and specifying the alterations proposed and the grounds for requiring the same.”

It follows from this provision that the Agreement can only be determined—

- (i.) Under the provisions of Clause XVII.,
- (ii.) If the *German* concession is not renewed in 1904,
- (iii.) If either the *Persian* or the *Russian* concession is not renewed in 1925, or, finally,
- (iv.) By the mutual consent of all parties.

It occurred to us that the arrangement between the Indo-European Company and the British Post Office with regard to the Emden-Lowestoft cable might constitute a “concession” within the meaning of this clause and that consequently an opportunity of terminating the Joint Purse Agreement might arise if the British Post Office refused, temporarily at any rate, to extend this arrangement in 1904. The point, if valid, would obviously have been of high importance. We understand, however, that the legal advisers

\* Speaking roughly, the amount received by the Joint Purse on the messages sent by the different routes is as follows:—

	Indian.	Trans-Indian.
Eastern Company's route - - -	4.42½ francs	3.50 francs
Indo-European Company's route - - -	4.01 „	3.21½ „
Turkish route - - - - -	1.90½ „	1.39 „

† The actual figures for recent years are given in Appendix B.

‡ This clause refers to a route being permanently interrupted for a period exceeding thirty months.

of the India Office do not consider that the arrangement can technically be regarded as a "concession." On the other hand we gather from the evidence given by the representative of the Post Office that there would be nothing to prevent the Postmaster-General from refusing to renew this arrangement in 1904, and that this possibility might be employed to secure a termination of the Agreement by mutual consent.

Finally, Article V. of the Agreement provides—

"No alteration of tariff or rates for messages . . . so far as relates to their transit between Europe and India, to be made without mutual consent."

No alteration of rates to be made without mutual consent.

It is clear that this clause would, *inter alia*, prevent an agreement, say, between the Indo-European Department and the Indo-European Company to reduce rates in competition with the Eastern Company, and that it would prevent the Department from reducing its rates between Fao and Bombay in order to reduce the total rate from England to India *via* Turkey; but its full effect only appears when it is read in connection with the concessions of the Indo-European Telegraph Company. Those concessions render it practically impossible for the Company to give its consent to any alteration in rates unless the Russian and German Governments consent to its doing so. From this fact it follows that the Joint Purse Agreement prevents any alteration in rates to which either Russia or Germany objects.

We now proceed to examine the Service Regulations attached to the International Telegraph Convention.

## II. INTERNATIONAL TELEGRAPH CONVENTION AND SERVICE REGULATIONS.

International Telegraphy is regulated by two sets of provisions, viz. :—

- (i). The International Telegraph Convention, which was reduced to its final form at the Conference of St. Petersburg in 1875, and
- (ii). The International Service Regulations, which are provided for by Articles 13 and 15 of the Convention, and which possess the same authority as the Convention itself, but are subject to revisions made at periodical conferences.

Adherence may be given either by States or by private companies. The adhering States consist of (a) the signatories to the original Convention of St. Petersburg, (b) States which have subsequently notified their adherence under Article 18 of the Convention. Adherence by States.

In point of fact, the Convention includes the great proportion of the more important nations and a number of British and other colonies. But Canada, Newfoundland, the United States of America, and China, do not adhere.

The position of private Companies is defined by Regulation LXXXVI., which runs as follows :— Adherence by private companies

1. Private telegraph enterprises which work within the limits of one or more of the contracting States, and participate in the international service, are considered in relation to that service as forming an integral portion of the telegraph system of those States.
2. Other private telegraph enterprises are admitted to the advantages of the Convention of the present Service Regulations, on their acceding to all their obligatory clauses, and on the notification of the State which conceded or authorised the right of working the enterprise. This notification takes place in conformity with the second paragraph of Article 18 of the Convention.
3. This adherence must be imposed upon enterprises whose lines connect two or more of the contracting States to the extent that they may be bound by their contract to submit themselves, in this respect, to the obligations prescribed by the State which granted the concession.

4. Private telegraph enterprises which may apply to any one of the contracting States for authorisation to connect their cables with the system of such State, can only obtain it upon a formal engagement to submit their tariffs for the approval of the State granting the concession, and not to make any change either in the tariffs or Service Regulations except after notification by the International Bureau, which is only operative after the expiration of time specified in paragraph 9, Reg. LXXXIII. This stipulation may be departed from in the case of enterprises which may find themselves in competition with others not subjected to the same formalities.
5. The reservation which forms the object of paragraph 1 of the preceding Regulation is also applicable to the above mentioned enterprises.

In point of fact a Company has three alternatives open to it :

- (i.) It may adhere without qualification.
- (ii.) It may, without actual adherence, conform generally to the arrangements prescribed for international service and correspond regularly with the International Bureau.
- (iii.) It may abstain from adhering and only correspond with the Bureau through the medium of another Company.

We give in Appendix C the latest information available with regard to the Companies falling under each of these categories.

Possibility of withdrawal.

The possibility of withdrawals from the Convention is contemplated by Article 20, which provides that "The present Convention . . . shall remain in force for an indefinite period, or until the lapse of one year from its renunciation. A renunciation made by any State only affects that State; the Convention remains in force as regards the other contracting parties."

So long, however, as a State adheres to the Convention, it is bound by the opinion of the majority, and, if outvoted, it has no alternative but to submit. Theoretically, indeed, unanimous consent to any new proposal is necessary, because the revisions made by conferences must be approved by all the Governments concerned, so that one dissenting Government can block a proposal. In practice, however, we understand that negotiations are carried on in a friendly spirit and that, as a rule, the good sense of the delegates is a sufficient guarantee that matters will not be pushed to an extreme.

Duties of International Bureau.

While the working of the Convention is centralised in the International Bureau of Berne (whose duties are described in Regulation LXXXIII.), that Bureau possesses no power of authoritative control. It collects and circulates information, studies telegraphic questions, &c., but it cannot impose any course of action, nor take effective notice of breaches of the Regulations, though it may call attention to them. There is, accordingly, no definite "sanction" (in the legal sense) for the laws of the Convention, beyond the good faith of the adhering parties.

With these preliminary remarks, we proceed to comment on two points in the Regulations which have a practical bearing on the Indian rate.

"European" and "Extra-European" régimes.

In the first place, under Regulations XXII. and LXXXV. (2) countries can be declared—

- (i.) subject to the European *régime*, or
- (ii.) subject to the Extra-European *régime*,

(it being, of course, only possible to declare Extra-European countries European, and not *vice versa*). In point of fact: —Algiers, Tunisia, Russia in Caucasus, Turkey in Asia, the Coast of Morocco, Senegal and other French possessions in West Africa, and Portuguese possessions in West Africa, including Loanda, have been, by this rather artificial device, declared as European. These declarations having been made, a telegram which touches an Extra-European *régime* in any part of its course becomes Extra-European. A telegram which passes only over lines belonging to European Administrations is regarded as European.

Rates for Extra-European messages are, speaking very generally, fixed according to the special circumstances of each case. The results are given in the Table B. annexed to the Convention. Rates for Extra-European messages.

The rates generally declared by European Administrations for their share in conveying Extra-European messages are :—

*Large States.*

Terminal	-	-	-	-	-	-	-	-	-	20 centimes per word.
Transit	-	-	:	-	-	-	-	-	-	20* „ „

*Small States.*

Terminal	-	-	-	-	-	-	-	-	-	10 centimes per word.
Transit	-	-	-	-	-	-	-	-	-	10 „ „

We understand; however, that the British Post Office intend at the next conference to propose the reduction of these rates to the European scale.

By Regulation XXIV. maximum rates for the share of each country in conveying European messages are, normally, uniform, viz. :— Rates for European messages.

Terminal	-	-	-	-	-	-	-	-	-	10 centimes per word.
Transit	-	-	-	-	-	-	-	-	-	8 „ „

But here several exceptions must be made.

- (i.) In the case of the twelve small States these rates are reduced to
 

Terminal	-	-	-	-	-	-	-	-	-	6½ centimes.
Transit	-	-	-	-	-	-	-	-	-	4 „ „
- (ii.) *Russia* and *Turkey* are specially exempted from the normal maximum rates.
- (iii.) The rates are maximum only, and may be reduced by agreement provided (roughly) that the reduction does not aim at the cutting of rates.
- (iv.) Finally, special transit rates may be fixed for submarine cables.

It should be observed that by Regulations XXV. and XXVI. the “normal route” for a European telegram is that for which the total charge, calculated according to Regulation XXIV., is the lowest. (In calculating the total charge for this purpose, any reduction of rates by agreement is left out of account). When the normal route is ascertained, the charge for that route (including any cable rate) becomes the charge for the telegram by whatever route it is actually sent, unless a circuitous route is adopted by desire of the sender (Regulation XLII.).

In the second place, Regulation XXVII., which, in substance, was first adopted so long ago as 1868, provides :—

“Alteration of the rates or of the bases of application of the tariffs which may be agreed upon between interested States . . . must have for object and effect, not the creation of competitive charges between existing routes, but, on the contrary, the opening of as many routes as possible to the public at equal charges:—

“No new charge or modification, either of a general or partial character affecting the tariffs, shall come into operation before the lapse of, at least, fifteen days after its notification by the International Bureau.”

Restraint on competition imposed by Regulation XXVII.

\* In the case of the United Kingdom 15 centimes.



This should be read in connection with Regulation LXXXIII., which provides :—

“(8) The contracting Administrations may propose, through the intermediary of the International Bureau, modifications in the Tariffs and Service Regulations.

“The International Bureau submits the propositions for examination by the Administrations, which must cause their preliminary observations, amendments, or counter-propositions to reach it within five months. The replies are collected by the International Bureau and communicated to the Administrations to pronounce definitely for or against. Those whose replies are not received within five months counting from the date of the second circular of the International Bureau notifying the observations made, are considered as abstaining.

“In order to be adopted the proposals must obtain :—

- (i.) The unanimous assent of the Administrations which pronounce on the subject, if they relate to modifications of the provisions of the Regulations.
- (ii.) The consent of the Administrations interested if they relate to a modification of tariffs.
- (iii.) The assent of a majority of the Administrations if they relate to the interpretation of the provisions of the Regulations.”

A blocking power conferred by Regulations XXVII. and LXXXIII

If it is the case, as we believe, that the power to block any reduction of Tariff is conferred by Regulations XXVII. and LXXXIII., read together upon any Administration which may desire to prevent reductions suggested by another Administration, this power ought to be removed. Its possible effect may be illustrated by imagining a hypothetical case in which one country might possess five independent cables connecting her with a colony, but might be prevented from reducing the rate by objections on the part of a country owning a fraction of a sixth cable.

We have already shown how the Russian and German Governments are enabled by the Joint Purse Agreement, coupled with the concessions granted to the Indo-European Company, to veto any proposal for reducing the Indian rate. We would now point out that Russia, at any rate, derives a similar power of veto from the Regulations to which we have just referred. Whether Germany occupies a similar position is doubtful. As regards the proposed reduction of rates to India, the International Bureau, we understand, has ruled that Germany would not be “an Administration interested,” because the transit rate received by her, which is below its maximum at present, would remain unaltered; and, in this event, her *locus standi* for objecting on this ground would disappear.

The veto exercised by Russia is double.

We desire to emphasize the fact that the power of veto possessed, by Russia, at any rate, is double, and that it could not be removed by modifying *either* Joint Purse Agreement *or* the Service Regulations but only by modifying both. If the Joint Purse Agreement did not exist, the Convention would confer the veto: and, if the Convention did not exist, the Joint Purse Agreement would confer the veto.

### III. RECOMMENDATIONS.

Recommendations with regard to the Joint Purse Agreement.

With regard to the present form of the Joint Purse Agreement, we consider that there is no room for difference of opinion. Whether some such arrangement between the various lines connecting Great Britain and India is desirable or not—and we do not wish to express any opinion at present upon that point—it is clear that the terms of the existing Agreement require revision, and, in particular, that the arrangement which makes the duration of the Agreement almost indefinite is undesirable. We consider that the

earliest opportunity should be taken to terminate the existing Agreement and that, if subsequently it appears desirable, on a review of all the circumstances, to renew it in a revised form, such a renewal should be made for a moderate period, not exceeding, say five, or, at most, seven or ten years. We see no reason why either of the Companies concerned should raise objections: and we would point out that His Majesty's Government are in a position to exert considerable pressure upon the Indo-European Telegraph Company (should they withhold assent) since, when the present lease of a wire to the Company from Emden to Lowestoft expires in 1904, the British Post Office can refuse to renew the arrangement. We think that, if any difficulties are raised by the Company, the Government might well indicate their readiness to adopt this course, and we recommend that negotiations for the immediate termination of the present Agreement should be taken in hand without delay.

But the proposed modification of the agreement does not remove the power of veto conferred by Regulation XXVII. under the International Telegraph Convention.

It has been suggested to us that the present difficulty might be overcome by declaring India subject to the European *régime* under §§ xxii. and lxxxv. of the International Service Regulations. Proposal to declare India "European."

The originators of this suggestion appear to have overlooked the fact that a telegram which in course of transmission touches any country subject to the Extra-European *régime* becomes itself "Extra-European." So long as Egypt or Persia remained subject to the "Extra-European" *régime*, messages sent to India *viâ* the Eastern Telegraph Company's wires would also be "Extra-European."

We think, moreover, that too much importance has been attached to this technical point, and that in practice its effect would be merely formal. It is certain that, were the change made, an application would be submitted to the Convention for permission to fix a special rate. It cannot be assumed that the Convention would be more ready to fix this special rate at a low figure than to reduce the present rate.

We were anxious that, if possible, an authoritative attempt should be made, on the part of the Joint Purse as a whole, to induce the Governments of Russia and Germany to withdraw their opposition to a change which is clearly beneficial to the general public, and which is, as we are informed, desired by both the companies whose interest it affects; and at the suggestion of the Under Secretary of State for India, a member of our Committee, representatives of the India Office, the Eastern Telegraph Company, and the Indo-European Telegraph Company, together with a representative of the Post Office, met to consider whether the desired result was likely to be attained if a deputation proceeded to interview the Directors-General of the Russian and German Telegraph Administrations. We are, however, informed by the Under Secretary of State for India that the representatives of the Eastern Telegraph Company and of the Indo-European Telegraph Company were so convinced of the futility of any attempt to obtain the consent of the German Administration, pending a settlement of the Emden-Valentia Cable question between the Imperial Government of Germany and His Majesty's Government, that the action suggested was not considered to be advisable. If this be so, it is highly desirable that the Emden-Valentia question should be speedily settled. But should Germany or Russia, or either of those countries, persist in imposing their veto on the proposed reduction of the rate to India, it will be impossible to defer the question whether the existence of § XXVII. of the International Service Regulations, in its present form, is consistent with the interests of this country. Inconvenience of Regulation XXVII.

So far as we can learn, no inconvenience has been felt from the existence of this regulation in the past. But this may be explained by the fact that, till recently, the cable traffic of the world has been almost entirely in British hands. It is clear that this state of things will not exist in the future to the same extent, and the preponderance of British cables only renders the check exercised upon them by foreign competitors the more galling.

Recommendations  
as to Regulation  
XXVII.

It is obvious that when telegraphic communication between a country and its dependencies or colonies is dependent on land lines passing through foreign territory, the foreign Administration or Administrations concerned are entitled to have a voice in the fixing of the rate, and it is undeniable that in such circumstances the International Service Regulations provide many useful facilities. But when, as is the case between the United Kingdom and India, direct communication by cable exists that is wholly independent of any such conditions, the disadvantages of clauses XXVII. and LXXXIII. of the International Service Regulations become apparent. We, therefore, recommend as a matter of the utmost importance that these clauses should be so amended that any country in direct communication by means of a cable with a colony or dependency of its own, should be allowed to fix its tariff between such places.

It would be necessary to give notice of this proposal before 1st October next, in order that it might be discussed at the International Telegraph Conference next Spring. The matter is therefore one of considerable urgency.

We trust that an amendment to this effect may be carried. But if this should not be the case, and if Russia and Germany maintain their veto, we believe that it would on the whole be advantageous to this country to press for the entire abolition of Regulation XXVII. and the allied Regulations, leaving it to the cable companies to protect themselves against the land lines by working agreements and other similar means. The preponderance of British cables is still very great; an arrangement which enables any foreign power possessing a fraction of a competing line to veto reductions on British lines constitutes an extreme anomaly; and the possibility of this veto is the more irritating because of its uncertainty and because the veto may be used for purely vexatious purposes or to gain a point in a general diplomatic bargain.

At the same time, it must be clearly recognised that the regulation may operate for, as well as against, this country. There are not many specific cases in which foreign cables are, at present, likely to underbid and drive out of the field the cables of British companies. But we foresee that, in the future, considerable difficulties are likely to arise where a British Company is subject to competition by a cable owned or heavily subsidised by a foreign Government; and we fully realise that unrestricted competition between cables and land lines—however efficacious in reducing rates—might have serious consequences from a strategic point of view, since the submarine cables, which are of the greater strategic value, are also the more expensive to construct and to maintain. It is even possible that the State might be asked to subsidise on strategic grounds certain of the cables which would no longer support themselves on a commercial basis.

But, while we mention these objections, we do not think that they ought to prevail.

Advantages of  
adherence to  
Convention.

There is one further point upon which we desire to record our opinion. We have been led, in the course of our enquiry, to consider what advantages this country derives from adherence to the International Telegraph Convention, what her position would be if she withdrew from it, and whether such a step would ever be justifiable. We think that it is well to distinguish between the articles and regulations which determine questions of high policy (such as the regulations which we have quoted above), and those which constitute the rules for the everyday working of a great business concern. We have received ample evidence of the value of the latter, which go far to secure uniformity and simplicity in international telegraphy, and which are most highly appreciated by those who are most conversant from practical experience, with the difficulty of arranging such matters. Any action which tended to interfere with their general adoption would *primâ facie* be a retrograde step and should not be lightly undertaken.

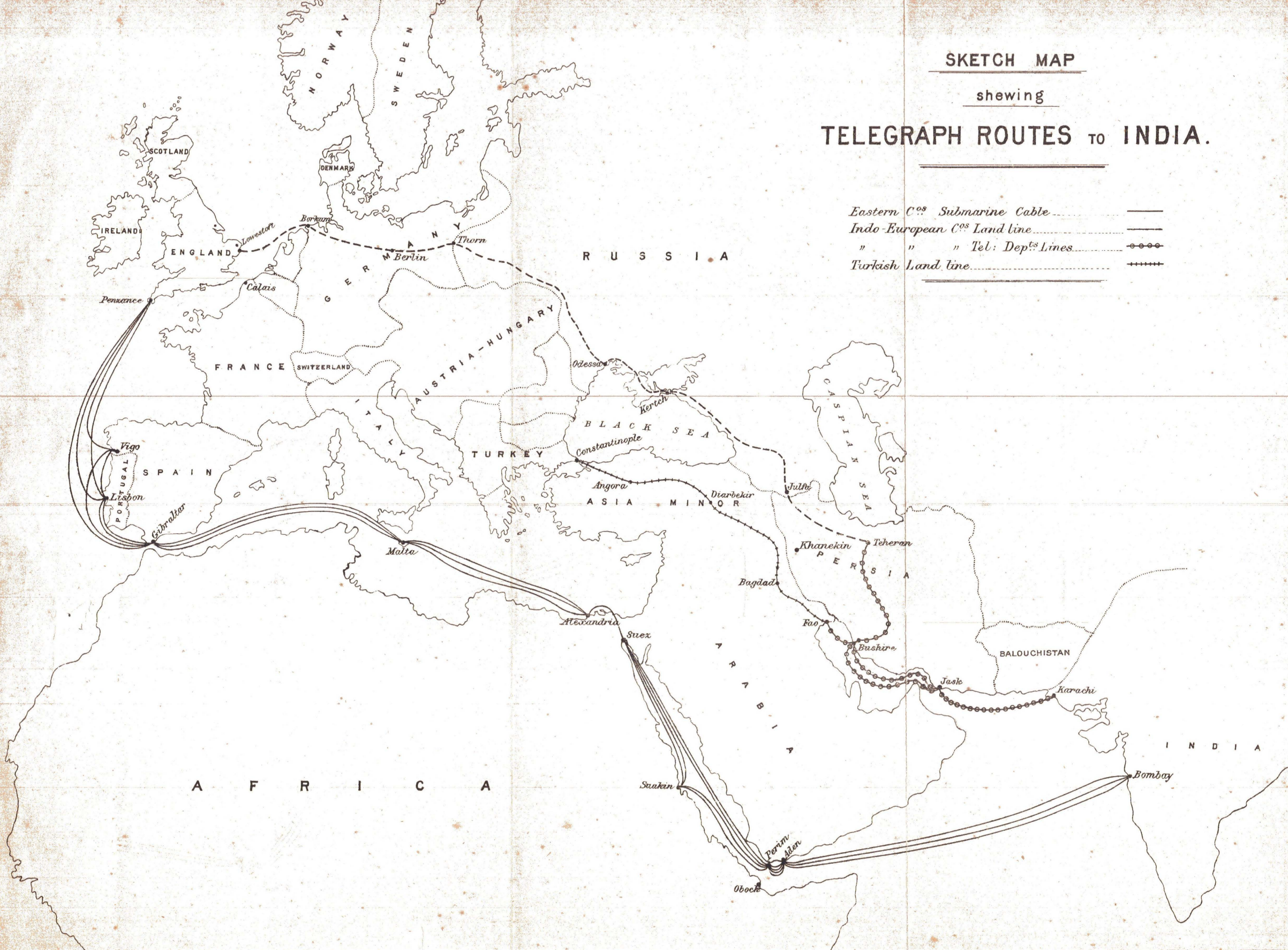


SKETCH MAP

shewing

TELEGRAPH ROUTES TO INDIA.

- Eastern C<sup>os</sup> Submarine Cable* ..... ———
- Indo-European C<sup>os</sup> Land line* ..... ———
- " " " Tel: Dep<sup>ts</sup> Lines* ..... ○○○○
- Turkish Land line* ..... +++++





At the same time it is clearly possible that the substantial advantages of these regulations may be outweighed by the restrictions upon policy imposed by the others ; and the arguments advanced in favour of the Convention did not, in our opinion, disprove the desirability of withdrawing from it in certain contingencies.

BALFOUR OF BURLEIGH, Chairman.

LONDONDERRY.  
R. W. HANBURY.  
HARDWICKE.  
ONSLow.  
J. C. ARDAGH.  
R. N. CUSTANCE.

ROLAND WILKINS,  
Secretary.

J. H. LINDSAY,  
Assistant Secretary,  
St. Stephen's House,  
8th August, 1901.

I sign this Report but, though I concur in so much thereof as relates to the reduction in the Indian rate, in view of the fact that the International Telegraph Conference will meet in London in the course of next year, and that as Postmaster-General it will be my duty to deal at a later stage with any proposals which it may be thought desirable to bring before it, I desire to reserve my judgment as to all questions connected with the Telegraph Convention and its Regulations.

LONDONDERRY.

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confidential nature) should be made public, we think that we may indicate some of the results at which we have arrived, especially as they form the basis of some of our recommendations.

9. The experience of the Spanish-American War, while it brings into prominence the important influence which submarine cable telegraphy exercises in maritime warfare, also shows how large a part is played by chance in cable-cutting operations. We are convinced, however, that there is no serious physical difficulty in cutting cables, and that on the outbreak of war cables may be cut either in shallow water without, or in deep water with, special appliances. While, therefore, it is generally advisable that cables should be landed at fortified positions, where such exist, in order that the instruments and operating stations may be under protection, we would point out that the importance of fortifying the shore ends may easily be exaggerated, because the attempt to break the cable will probably be made at a convenient distance from the shore, beyond the range of guns. Cable-cutting.

10. Nevertheless, the great and increasing range of modern artillery will afford, in ordinary cases, fair security against hostile enterprises, up to the three mile limit of territorial waters, and thus protect the cables in shallow water where they are most vulnerable.

11. In the second place, strategic arrangements must be made on the assumption that a considerable proportion of cables will be interrupted during war-time; and a variety of alternative routes must be provided to all important British possessions and naval stations. We do not, however, think that the chance of cable-cutting is so great as to render cable communication unimportant from a strategic point of view. Considerable difficulties must arise in ascertaining the exact route of the cable, in grappling, and in avoiding "dead" cables. Moreover, it must be remembered that cable communications may be of even greater service just before the outbreak of a war than during the war itself. Need for alternative routes.

12. There is a further point that we think it right to mention. We have received a considerable amount of evidence as to the desirability on strategic and commercial grounds, or on strategic grounds taken alone, of the establishment of all-British cables. Our view, however, is that public opinion has tended to over-rate the importance of all-British routes. All-British cables.

13. Cables between Great Britain and British possessions may

- (i.) touch only on British soil;
- (ii.) touch on the territory of Foreign States.

14. The latter, again, will, in time of war, further subdivide themselves into Belligerents and Neutrals. It will be the interest of the Belligerents to interrupt or control by censorship, the telegraphic communications of their adversaries, even to the degree of occasioning detriment to Neutrals, and of incurring liability to make compensation to them for arbitrary interference with their cables.

15. On the other hand, it will be the interest of Neutrals to maintain their telegraphic communications, both with one another and with the Belligerents, even to the possible detriment of the latter.

16. If we could accept the assumption that cables will not be cut in time of war, it is clear that for strategic purposes the all-British route would be far the best.

\* \* \* \*

17. But, as we have already stated, we think that our strategic arrangements must be made on the supposition that a considerable proportion of cables will be cut.

\* \* \* \*

\* \* \* \* \* We thus arrive at two principles leading to diametrically opposite conclusions. The more probable it is that cables will not be cut, the greater the value of an all-British cable. The more probable it is that they can be cut, the greater the value of a cable touching on foreign territory.

18. Another point to be considered is the effect of a movement for all-British cables upon the cable systems of other countries. Until comparatively recent times, the policy of British cable enterprise was to follow commercial routes and to weave the cables of the world into one international system, provided by British capital and centring in London. But the United States, France, and Germany have already shown signs of desiring to establish independent systems of their own; and, if the policy of this country is to avoid foreign territory as much as possible, the result will be to accelerate this tendency.

19. In practice, moreover, some balance must be struck between strategic and commercial considerations. A line chosen for strategic reasons is not likely to be popular unless it provides a good commercial service (Q. 705); and, while the interests involved in the event of war may be almost infinite, it must be remembered that the contingency is fortunately rare, while the commercial use of the cables is a matter of daily business (Q. 1551).

20. In view of these conflicting considerations, we have not found it easy to formulate a general rule. We think, however, that appreciable but not paramount value must be attached to all-British routes; and we regard it as desirable that every important colony or naval base should possess one cable to this country which touches only on British territory or on the territory of some friendly neutral. We think that, after this, there should be as many alternative cables as possible, but that these should be allowed to follow the normal routes suggested by commercial considerations.

#### PROPOSED CABLES.

Specific schemes  
for new cables.

21. Having formulated these general principles, we now proceed to the consideration of specific schemes.

22. We have invited witnesses to suggest any new lines which, in their opinion, deserved to be laid either on commercial or on strategic grounds; and the following list summarises the answers which we received. A map showing the more important of the proposed lines is annexed to this Report. A list of British Possessions not in Telegraphic Communication with the United Kingdom will be found in Appendix D.

1. England—Gibraltar—El Arish—India :  
Recommended by Sir E. Sassoon. (QQ. 142-5.)
2. Gibraltar—Bathurst :  
Recommended by Sir E. Sassoon and by Mr. Bright, who regard Sierra Leone as an alternative to Bathurst. (QQ. 27. 237-41.)
3. Aden—Seychelles :  
Recommended by Sir E. Sassoon. (QQ. 27. 235.)
4. Durban—Cape Town :  
Recommended by Sir E. Sassoon and by Mr. Bright. (QQ. 27, 254-9.)
5. Cape Town—Tristan d'Acunha—Falkland Islands :  
Recommended by Sir E. Sassoon. (QQ. 27. 245-51.)
6. (a) Cocos—Ceylon :  
Recommended by Sir E. Sassoon, Mr. Plummer, Mr. Lamb, Mr. Gray, and Mr. Bright. (QQ. 215-9. 712. 1858. 2501.)
- (b) Seychelles or Rodriguez—Ceylon :  
Recommended by Mr. Reynolds. (QQ. 1231-2.)
7. Ceylon—Penang :  
Recommended by Mr. Bright.

8. (a) Singapore—Labuan—Port Darwin :  
Recommended by Mr. Plummer. (QQ. 715. 736-7.)
- (b) Penang (by land line)—Labuan—Port Darwin or Roebuck Bay :  
Recommended by Mr. Bright.
- (c) Labuan—Sandakan—Thursday Island :  
Recommended by Sir E. Sassoon and by Mr. Gray. (QQ. 27. 231. 2502.)
- (d) Sandakan—Hong Kong :  
Recommended by Mr. Gray as an alternative to Labuan—Sandakan. (Q. 2502.) Mr. Plummer advocates a line from Singapore to China. (Q. 715.)
9. Labuan—Sarawak :  
Recommended by Sir E. Sassoon. (Q. 27.)
10. Hong Kong—Shanghai :  
Recommended by Sir E. Sassoon. (Q. 27.)
11. Port Darwin—Roebuck Bay—Perth :  
Recommended by Mr. Bright.
12. (a) Ireland—Bermuda—Barbados—Ascension :  
Recommended by Mr. Gray. (Q. 2501.)
- (b) Gibraltar—Bermuda :  
Recommended by Mr. Bright.
- (c) Barbados—Ascension :  
Recommended by Sir E. Sassoon and Mr. Rippon. (QQ. 225-30. 2127.)
- (d) Barbados—Bathurst :  
or  
Trinidad or Georgetown—Sierra Leone or Ascension :  
Recommended by Mr. Bright.
- (e) Trinidad—Ascension :  
Recommended by Mr. Plummer. (QQ. 713-14.)
13. (a) Barbados—Jamaica :  
Recommended by Sir E. Sassoon (QQ. 27. 242-4) and by Mr. Bright, who gives St. Lucia as an alternative to Barbados.
- (b) Jamaica—St. Lucia :  
Recommended by Mr. Lamb, Mr. Rippon, and Mr. Mercer. (QQ. 1858. 2091-6. 3407-9.)
14. Barbados—Trinidad :  
Recommended by Mr. Bright.
15. Jamaica—Belize :  
Recommended by Sir E. Sassoon, Mr. Lamb, Mr. Gray, and Mr. Rippon. Mr. Rippon recommends the continuation of this line to other places in British Honduras. (QQ. 27. 244-5. 1858. 2106-9. 2501.)
16. Bermuda—Bahamas :  
Recommended by Mr. Rippon. (QQ. 2097-8.)
17. Turks Island—Great Inagua :  
Recommended by Mr. Rippon. (QQ. 2100-5.)
18. Trinidad—Tobago :  
Recommended by Mr. Rippon. (Q. 2110.)
19. Grenada—Carriacou :  
Recommended by Mr. Rippon. (Q. 2109.)
20. Anegada—Virgin Gorda—Anguilla—Barbuda—Antigua—Montserrat :  
Recommended by Mr. Rippon. (Q. 2110.)
21. Virgin Gorda—Tortola :  
Recommended by Mr. Rippon. (Q. 2110.)
22. St. Kitts—Nevis :  
Recommended by Mr. Rippon. (Q. 2110.)



23. Barbados—Fernando Noronha or Bathurst :  
Recommended by Mr. Rippon. (QQ. 2141-58.)
24. Fanning—Hawaiian Islands—Japan :  
Recommended by Mr. Mercer. (QQ. 3466-71.)

23. Mr. Lamb thought Fiji\* and New Guinea (Q. 1858.) should have some connection. He did not regard as urgent any of the lines which he recommended. Mr. Bright did not regard any of his recommendations (which were given in a memorandum) as urgent except Cocos—Ceylon and the communication between the West Indies and West Africa.

#### PROPOSED LAND LINES.

1. Burmah—Straits Settlements :  
Recommended by Mr. Baxendale and by Mr. Mercer.  
(QQ. 1477-1516. 3409-12.)
2. Quetta—Kerman :  
Recommended by Mr. Finch, Mr. Reynolds, and Mr. Bright.  
(QQ. 1076-80. 1191-5.)
3. Merv—Cabul :  
Recommended by Mr. Bright.
4. Teheran—Kandahar :  
Recommended by Mr. Bright.

24. The above list includes all the schemes which were actually brought before us by witnesses. We understand that, in addition to these, the following lines† have been advocated in certain quarters, viz. :—

- “(5) Suez—Arabian Desert—Mohammerah—Kerman.
- “(6) Jeddah—Aden—Hadramaut—Muscat—Jask.
- “(7) Peshawur—Kabul—Herat—Kushk.
- “(8) An alternative route from the Atlantic to the Pacific, to the north of the Canadian-Pacific Railway, to connect with the Pacific Cable.

25. While, no doubt, there is something to be said for the construction of any or all of these lines, we do not think that in the majority of cases the advantage is such as to justify the State either in constructing them itself or in aiding their construction from public funds; and we would add that many of the proposals were unsupported by detailed arguments or by estimates of traffic.

26. After a careful review of the suggestions we have come to the conclusion that there are only three which we should be justified in commending to your Lordships' notice.

27. A. We do not consider that the cable communications between Great Britain and India are strategically satisfactory, and we think that the laying of a new cable by the Eastern Telegraph Company from the Cape to Australia (*vid* Mauritius, Rodriguez, and the Cocos-Keeling Islands) affords a favourable opportunity for strengthening them.

28. The ordinary cables between Great Britain and India are described in detail in our first Report. The two land-lines (the Turkish route and the Indo-European route) are, like all land-lines, very liable to interruption in the event of war; and each of them passes through the territory of several foreign nations. From a strategic point of view, therefore, they are of little or no value.

29. The submarine cables of the Eastern Telegraph Company provide, generally speaking, a satisfactory route. The land-lines through Egypt,

Need for a new  
connection with  
India.

\* Communication with Fiji will be given by the Pacific Cable.

† Besides the Cape to Cairo line, now in course of construction.

however, constitute a weak point in it; and it must be remembered that there is only *one* direct cable from Gibraltar to England, and that, should this be interrupted, messages must be sent *via* Portugal.

30. It would also be possible, in time of war, to send messages to India *via* the Cape, using, as far as Capetown, either the West Coast cables or the Ascension cable; from Capetown to Durban, the land lines; from Durban to Aden, the East Coast cables. It will be observed, however, that both this and the last mentioned route would be interrupted if the cables between Aden and Bombay were cut.

31. We do not regard this state of things as satisfactory. It is true that the Pacific Cable, when completed, will furnish a new alternative route, *via* Australia, Banjoewangi, and Singapore; but this line touches on Dutch territory. In view of the vastness of British interests in India, and of the extreme inconvenience of an interruption of communication in time of war, we think that an attempt should be made to provide a further all-British cable route by adding a spur to the new Cape-Australia line. This spur might run either from Rodriguez to Ceylon, from Cocos-Keeling to Ceylon, or from Cocos-Keeling to Singapore. We have not felt qualified to examine the respective advantages of the three routes—which is, in the first instance, a question for technical experts—nor are we in a position to say whether any subsidy or guarantee, and if so, how much, would be required.

32 The distances are :—

From Rodriguez to	-	-	Colombo	-	-	1,850 miles.
"          "          "	-	-	Point de Galle	-	-	1,800 "
"    Cocos-Keeling to	-	-	Colombo	-	-	1,525 "
"          "          "	-	-	Point de Galle	-	-	1,475 "
"          "          "	-	-	Singapore	-	-	1,150 "

33. B. Mr. A. S. Baxendale, Superintendent of Posts and Telegraphs at Selangor, Straits Settlements, submitted to us a scheme for a land line connecting the Straits Settlements with Burmah, which would serve as a strategic alternative to the Eastern Extension Company's cables from Madras to Penang, and which would also, he claimed, reduce the rate from the Straits Settlements to India and to Great Britain by 4*d.* a word.

34. It was suggested that the line should start from the Province Wellesley in the Straits Settlements, and should run through the Malay States, reaching the Burmese frontier either at Kra or at some point still further to the south. The length of such a line would be 400 or 450 miles, and the cost was estimated at from 16,000*l.* to 25,000*l.*, according to the amount of jungle-felling required.

35. It was further suggested that the line should follow the west coast in order to facilitate transport for repairs, and to avoid the jungle-growth as far as possible. It was stated that in all probability the line could be constructed by the Straits Settlements and the Federated Malay States on a commercial basis without any subsidy from the Imperial Government.

36. A useful link would be added to the cable system of the Empire if direct communication were established between the Straits Settlements and Burmah; and, should the policy of connecting the two countries be approved, the land line suggested by Mr. Baxendale might be less expensive and more satisfactory than a cable. The suggestion is, in our opinion, worthy of further consideration than we have been able to give to it.\*

37. C. The Admiralty have for some time advocated the construction of an all-British cable to St. Lucia for strategic reasons, and in our opinion it is highly desirable that such a cable should be laid. Unfortunately the present

\* Since Mr. Baxendale appeared before us, he has suggested to a member of the Committee that an East Coast line *via* Kelantan and Bandon might on certain grounds be preferable to a West Coast line.

state of cable enterprise in the West Indies is not especially favourable to the undertaking.

38. There are three British Cable Companies in the West Indies, while the Associated Companies have advanced their system as far as Para at the mouth of the Amazon.

- (i.) The Cuba Submarine Telegraph Company possess duplicated lines from Santiago to Cienfuegos and Havana, with a third cable between Santiago and Cienfuegos which touches at intermediate points along the coast.
- (ii.) The West India and Panama Telegraph Company possess (in addition to a single line from Colon to Jamaica) a duplicated cable from Santiago to Jamaica and two lines connecting Jamaica with the eastern islands.

The first of these lines touches at San Juan in Porto Rico (American), St. Thomas (Danish), St. Kitts, Antigua, Guadeloupe (French), Dominica, Martinique (French), St. Lucia, Grenada, Trinidad and Georgetown, Demerara.

The second touches at Ponce in Porto Rico (American), St. Croix (Danish), St. Lucia, Grenada, Trinidad and Georgetown, Demerara.

A duplicated cable connects St. Vincent with Barbados.

- (iii.) The Halifax and Bermuda Cable Company and the Direct West India Cable Company possess a line of cables running from Halifax to Bermuda and thence *viâ* Turks Island to Jamaica (both sections of which receive an Imperial subsidy).

39. The desired cable from Jamaica to St. Lucia would most naturally be constructed by the West India and Panama Company, within whose sphere of action it lies. And in point of fact negotiations on the subject have already passed between the Company and the Post Office acting on behalf of the Treasury.

40. In January 1899 the Post Office enquired upon what terms the Company would be prepared to take their Jamaica-Ponce-St. Croix—St. Lucia cable out of Ponce and St. Croix, thus providing a through cable from Jamaica (Holland Bay) to St. Lucia. They added that it was desired that the shore ends of the cable at Jamaica and St. Lucia should be landed under cover of the guns of the respective fortresses of these islands.

41. The Company in their reply (dated 18th January) gave reasons for thinking that an entirely new cable from Kingston (Port Royal) joining the St. Croix-St. Lucia cable beyond St. Croix, would be better suited to the requirements of the Government, and offered to lay such a line for a subsidy of 5,000*l.* a year for 20 years.

42. In October 1899 the Post Office inquired whether the offer still held good, and were informed by the Company that, in view of the great increase in the price of raw materials and manufactured submarine cables, they were compelled to ask for a subsidy of 6,000*l.* for 20 years (7,554*l.* for 15 years or 10,687*l.* for 10 years). They added that "taking note of the large increase that has taken place in prices it will be for the officers of the Government to decide whether the present is an advantageous period to carry out any large submarine telegraph works."

43. To this the Post Office replied that "as the matter is not of such urgency as to necessitate the manufacture of the cable at a time of exceptionally high prices, it has been decided to postpone the further consideration of the proposal for the present."

44. Had the state of cable enterprise in the West Indies remained unaltered, we should have been inclined to recommend the immediate resumption of these negotiations. But, during the interval, the position of the West India and Panama Company has undergone a change.

Position of West  
India and  
Panama  
Company.

45. The company has had many difficulties to contend with. It has had to pay interest upon a very large capital (1,355,530*l.*); part of which was raised in order to make good defects in the original cables. Like other West

Indian interests it has suffered heavily from the depression in the sugar trade, which, *inter alia*, has led to a reduction of the British colonial subsidies, some of which, moreover, have been transferred to the Direct West India Company. Their total, which stood at 19,787*l.* in 1887, is now 12,379*l.*\* To a certain extent it has been injured by the competition of a State-aided French line (Compagnie Française des Câbles Télégraphiques), to which the subsidies (4,000*l.*) given by Martinique and Guadeloupe have been transferred. And the opening of the Direct West India Cable Company's line from Bermuda to Jamaica in 1898 (with an Imperial subsidy of 8,000*l.* a year) has deprived it of a large part of the Jamaica traffic.

46. But, in addition, a recent decision of the High Court of Justice, confirmed by the Court of Appeal,† obliges it to send over the lines of the Cuba Submarine Company all telegrams for places north of Jamaica for which no particular route is specified by the sender, and to share with that Company the amount of toll received for every message which the sender has directed to be sent *viâ* Bermuda. We understand that the case will probably be carried to the House of Lords. But, if the decision of the Court of Appeal is upheld, this obligation (derived from an agreement made in 1870 between the Cuba Submarine Company and the predecessor of the West India and Panama Company) will preclude the possibility of an amalgamation or working agreement between the West India and Panama Company and the Direct West India Company, which would otherwise be desirable. It will also seriously affect the finances of the West India and Panama Company, since in any case where the sender of a telegram requests that it may be sent *viâ* Bermuda, the Company will be obliged, not only to pay the Direct West India Company for transmitting the message, but to pay an additional amount to the Cuba Submarine Company.

47. We have said enough to show that the position of the British Cable Companies in the West Indies at the present moment is not one of stable equilibrium. At the same time, we do not think that the remedy lies in Government intervention. The real obstacle to the prosperity of the West Indian Companies is the lack of through traffic; and we anticipate that the problem will ultimately be solved by treating the West Indian cables as part of a larger whole. Until the situation has developed, we think that it would be useless for us to make any recommendations either with regard to the cables as a whole or with regard to the suggested line to St. Lucia.

48. We have taken evidence with regard to the Marconi system of wireless telegraphy, and, while we do not wish to pronounce a decided opinion with regard to an invention which, presumably, is not fully matured, we anticipate that it may soon become of considerable service in establishing connections between different islands, or between islands and the mainland.

49. Several of the experts who have given evidence before us have instituted comparisons between the cost of Cables and Land Lines, from which it appears that, taking into account capital outlay, maintenance, renewal, and working expenses, the former are vastly more costly than the latter; and, consequently, that Land Lines can be made remunerative at a

		1887.		1901.				1887.		1901.	
		£	s. d.	£	s. d.			£	s. d.	£	s. d.
British Guiana -		4,744	17 4½	4,479	3 4	St. Lucia -	-	400	- -	400	- -
Jamaica -		2,000	- -	<i>nil.</i>		St. Vincent -	-	800	- -	500	- -
Trinidad -		6,000	- -	3,000	- -	Dominica -	-	200	- -	400	- -
Barbados -		3,042	12 -	1,500	- -	Antigua -	-	800	- -	600	- -
Grenada -		1,000	- -	1,000	- -	St. Kitts -	-	800	- -	500	- -
								19,787	9 -	12,379	3 4

\* The principal decreases have been—Jamaica, 2,000*l.* to *nil* in 1899; Trinidad, 6,000*l.* to 3,000*l.* in 1893; St. Vincent, 600*l.* to 400*l.* in 1897; Barbados, 2,500*l.* to 1,500*l.* in 1900; St. Kitts, 800*l.* to 600*l.* in 1898, and to 500*l.* in 1900.

† See "Times" of 23 May 1900 and 16 March 1907

far lower tariff than Cables. In an ideal system of international commercial telegraphy, there can be no question that when Land Lines are practicable they will in all cases be far more economical than Cables, even when the distance to be traversed is longer by land than by sea. The capacity for transmission of messages by an aerial wire is also considerably greater than that by a submarine conductor, the instruments used are of a less refined construction, and can be manipulated by a less skilled personnel. Repairs are of a much simpler and less costly character; but on the other hand, the exposure of aerial wires to the vicissitudes of storm, snow, and corroding influences, as well as to injury by hostile or lawless persons renders interruption of continuity of far more frequent occurrence than is the case with cables laid in deep water, although the duration of the interruption in the former case is ordinarily insignificant in well organized lines, and in the latter considerable under even the most favourable circumstances.

50. We have given this economical aspect our most careful consideration, particularly in its bearing upon telegraphic communication in the three continents of the old world where the continuity of land admits of competition between the two systems. While we are of opinion that the future development of international land lines on a sound basis is likely to lead to a considerable reduction of tariffs from the United Kingdom to the remote parts of Asia and Africa, we remain not the less firmly convinced that it is of paramount importance to this country so to direct its telegraphic policy, that the great network of British owned submarine cables which extends over the world shall continue to be remunerative to those whose enterprise has created it. From an imperial point of view, and from the supreme right of self-preservation, intercommunication between the scattered units which form in their aggregate the British Empire, should as far as possible be in British hands, and should not be dependent upon the friendship or the caprice of other nations. To the fulfilment of this condition by means of land lines the political partition of the inhabited world offers an insuperable barrier.

51. The greater the number of states through which a land telegraph passes, the greater is the probability that one or more of them, at some supreme and critical moment, when telegraphic intercommunication between the United Kingdom and its dependencies or its allies is of the highest importance, may exercise its power of interrupting communication; and, unless we maintain our own more secure alternative cable routes, may thereby imperil our most serious interests, the safety of our dependencies, or even our existence as a nation.

52. Against that danger there appears to us to be no safeguard so reliable as the maintenance and further development in the future of the British submarine cables which have served us so well in the past. Although the competition to which we have alluded has not yet reached an acute stage, and is still exercising a beneficial influence by its tendency to reduce rates and check the power of wealthy combinations, we feel that it is necessary even at this stage to point out that the time is fast approaching when private enterprise in certain cables, hitherto a profitable monopoly, may require support rather than control, in cases where it is exposed to the unlimited competition of land lines. We have not failed to bear this in view in our recommendations.

53. We desire to point out that the foregoing remarks as to competition must be read with one qualification, which has been constantly overlooked in public discussion. Regulations XXVII. and LXXXIII. of the International Telegraph Convention prohibit alterations of rates which have for their object and effect the creation of competitive charges between existing routes and make any proposal for a modification of tariffs subject to the consent of the Administrations interested. The point is fully discussed in our First Report (pp. 9-12), and we do not desire at present to do more than refer to our previous observations. But we would point out that, under existing circumstances, many of the schemes\* for the reduction of rates by means of land-lines which have been put forward by Sir E. Sassoon and others would not produce the desired effect.

Regulations  
XXVII. and  
LXXXIII. of  
International  
Telegraph  
Convention.

\* See, for instance, *Times* of December 9, 1901.

**“ II. The relations between private cable companies and the Imperial and Colonial Governments (including the Government of India); the amount of control at present exercised by those Governments; and the policy which should be pursued by them in future especially where new concessions are sought.”**

54. Many of the witnesses who came before us did not seem to realise how limited is the control exercised by the State over private cable companies. Control exercised by State over private cable companies.

35. (i.) The State may offer a subsidy in aid of any particular cable; and, if so, it may stipulate for the insertion in the subsidy agreement of any provision which it thinks desirable. In point of fact the subsidies payable by the Imperial Government are, with two exceptions, payable in respect of the construction and working of new cables. A *précis* of the existing subsidy agreements will be found in Appendix E, from which it will be seen that the principal conditions are usually to the following effect:— Subsidy agreements.

That the cable shall be properly constructed and laid and shall be capable of transmitting a certain number of words a minute (generally 15), and that its materials shall be according to specification and sample.

That the landing places shall be approved by authorities specified, and that they shall be within the circle of the defences. That connection shall be effected with other lines so as to secure a continuous service with the United Kingdom.

That the line shall be worked subject to the provisions and regulations of the International Telegraph Convention. That the staff shall be composed of competent officers being British subjects. That the rates charged to the public shall not exceed a specified maximum, and that Imperial and Colonial Government messages shall have priority and be sent at half rates.

That in case of war, rebellion, or other emergency the Government shall have power to take possession of and work the line on its own account for so long as it shall think fit, paying compensation.

That the payment of the subsidy shall cease if the line be out of working order for a period of three (sometimes six) months, becoming payable again when communication is restored.

That the agreement shall not be assigned or underlet without the consent of the Treasury.

That disputes shall be referred to Arbitration.

(ii.) The State may construct or threaten to construct a cable of its own, to compete with the cables of a private company. Competition.

This course has actually been pursued in the case of the Pacific Cable. Its possible efficacy as a means of reducing rates has been shewn in that instance. But, unless special circumstances exist, as in that case, we think that, as a rule, private enterprise is better qualified to undertake the management of cable business than the State.

(iii.) There are a certain number of general facilities which the State may afford to the various cable companies, or which it may withhold from them. The companies have, for instance, no direct voting power at the International Telegraph Conferences, though their representatives may be present and may speak. The companies are also glad, from time to time, to obtain the assistance of British diplomatic agents in negotiating with foreign States. Again, the privilege of dealing direct with the public is occasionally of great value to them, as has been shewn by recent negotiations in Australia. General facilities.

(iv.) In cases where competition exists, the Post Offices of Great Britain and the various Colonies can exercise a considerable effect on the traffic of the cable companies by the manner in which they deal with telegrams for which no route is specified. In their capacity as agents for the public, they are, so to speak, important customers of the companies; and, where the public has not signified the route by which it desires that messages should be sent, they generally have full discretion. Government messages and un-routed telegrams.

Again, the various Departments despatch a number of messages on their own account, which may be given to or withheld from particular companies.

This subject assumes considerable importance in cases where the State possesses a cable of its own, competing with private enterprise.

Similarly, if the State decided to assist strategic lines by guarantees rather than by subsidies—a course for which there is much to be said—it would have to determine whether, in order to reduce the guarantee, it would send all Government and unspecified messages by those lines, to the exclusion of competing lines.

Landing rights.

(v.) But by far the most powerful lever which the State can employ in dealing with the Cable Companies is the power to grant or withhold landing-rights. We shall have occasion to revert to this subject below; at present we would only remark that, until recent years, the practice was to grant landing-rights without valuable consideration in return, and that the full value of the power as furnishing a check upon the companies was first demonstrated by the Government of Cape Colony in 1898. At the present time the question has assumed so important a position that the grant of landing-rights for any particular cable may be regarded as equivalent to a Government concession for the line.

56. Beyond the five points mentioned above, we are aware of no power of control over the Cable Companies possessed by the Imperial and Colonial Governments.

British Cable Companies.

57. The "private cable companies" referred to in your Lordships' Minute (by which we understand companies registered in this country) are comprised in three main groups, viz. :—

- (i.) The Associated Companies or "Eastern" group, consisting of the
- Eastern Telegraph Company  
(whose main cables run between England and India).
  - Eastern Extension, &c., Telegraph Company  
(cables between India and the Far East; India and Australasia; Durban and Australia).
  - Eastern and South African Telegraph Company  
(cables between Loanda and Cape Town; Aden and Durban; Zanzibar and the Seychelles and Mauritius).
  - West African Telegraph Company  
(cables between Senegal and Sierra Leone; Grand Bassam and Loanda).
  - African Direct Telegraph Company  
(cables between Cape Verd Islands, Bathurst, Sierra Leone, the Gold Coast, Lagos and Nigeria).
  - The London Platino-Brazilian Telegraph Company.
  - Pacific and European Telegraph Company  
(a land line).
  - West Coast of America Telegraph Company  
(cable between Chorillos and Talcahuano).
  - Western Telegraph Company  
(cables between Lisbon and Pernambuco).
  - Europe and Azores Telegraph Company  
(cable between Lisbon and the Azores).

The bulk of the traffic to Asia, Africa, Australasia, and South America is in the hands of this group, although to the far East the Great Northern Telegraph Company of Denmark carry a substantial share, and to South America part of the traffic is carried by way of North America by the North Atlantic Companies.

- (ii.) The Atlantic Companies, viz. ; the  
Anglo-American Telegraph Company,  
Direct United States Company,

which, with the Western Union Telegraph Company (American), form the "Pool," and which compete with the Commercial Cable Company (American), the Compagnie Française des Câbles Télégraphiques (French), and the Deutsche-Atlantische Gesellschaft (German).

- (iii.) The West Indian Companies, viz. : the  
Halifax and Bermuda Telegraph Company.  
Direct West India Cable Company.  
Cuba Submarine Telegraph Company.  
West India and Panama Telegraph Company.

58. To these must be added the Indo-European Telegraph Company; the Direct Spanish Telegraph Company; the Indiarubber, Gutta Percha and Telegraph Works Company, and the South American Telegraph Company.

59. We have already dealt with the West Indian Companies in connection with the suggestion of a direct cable to St. Lucia. West Indian Companies.

60. The Atlantic Companies have not formed the subject of much public controversy. They have received no subsidies; they provide, under the influence of competition, an efficient service at a low rate (which they have attempted, though unsuccessfully, to reduce still further); and no complaints against them have been laid before us. Atlantic Companies.

61. The Companies themselves made two requests. They asked that they should be protected against the competition of foreign State-aided cables—a point to which we shall refer below. They also asked that they should be provided at a lower cost with land-lines connecting Valentia with London and the other principal cities of this country.

62. An analogous request was made on behalf of the Associated Companies, who were specially anxious to secure underground wires between London and Porthcurno at a moderate rent.

63. We understand that the principal British Atlantic Company has now entered into a fresh arrangement with the Post Office for the lease of land lines to Valentia; whilst as regards the Associated Companies, the Post Office have agreed to afford greater security to their existing overground lines by giving them the use from time to time of reserve wires by alternative routes.

64. It is obvious, however, that in certain cases the existence of underground wires might prevent a total interruption of communication, and would thus be of advantage not only to the Companies, but to the public service. We think that the Post Office should be prepared to provide such wires for the Companies on reasonable terms.

65. The representatives of the Associated Companies have given us valuable evidence as regards both the strategic and commercial aspect of our inquiry, and they have shewn themselves ready to afford us full information with regard to their own position. In particular, they have supplied us with a history of their undertaking, and they have furnished accounts exhibiting the amount of the nominal capital, the capital not represented by cash payments, the reserve funds, and the dividends paid for each of their undertakings since their commencement. Associated Companies.

66. These documents, to which we would draw special attention, will be found in Appendices F and G.\*

67. We feel it unnecessary to add, on our own behalf, any further narrative of the Companies' history. Speaking generally, the impression left upon our mind is twofold. We think that they have rendered great service, commercially and strategically, to British interests. With a view, primarily, to their own revenue, but to the great incidental advantage of this country, they built up a vast system of cable communications under British management. They obtained concessions from foreign Governments and understandings with foreign companies which the Imperial Government could never have secured; and through their efforts submarine telegraphy remained, for the first thirty years of its existence, almost exclusively in British hands. Services rendered by the Associated Companies.

68. At the same time, we are of opinion that the Associated Companies have secured a very liberal return to their shareholders. We think that the fairest measure of their profits is to be obtained by examining the dividends earned upon the ordinary stock. To this a certain percentage must be added in cases where capital has been created which does not represent cash payments.† Moreover, allowance must be made for the fact that in many of the Companies preference shares and debentures have not always been issued in Profits of the Associated Companies.

\* The footnotes to these accounts have been compiled by the companies themselves, and must not be regarded as necessarily conveying the views of the Committee.

† If a percentage is added in cases where capital not represented by cash payments has been created, a percentage must be deducted where capital has been written down. Both these adjustments have been made on the tables given in the text.



the open market, but have been offered at their par value to shareholders. It is not possible to measure exactly the benefit which has accrued to shareholders from this practice, but we understand that, in some cases, it has conferred upon them an appreciable bonus.

69. The position is further complicated by the fact that certain of the companies have purchased shares in other associated companies, either out of their reserve funds or by means of capital raised specially for the purpose. It follows from this that certain facts appear twice over in the companies' accounts, at any rate where capital has been raised by ordinary stock or shares. Suppose that one company (A), paying 6 per cent., has raised capital and invested it in another company (B). If (B) is paying less than 6 per cent., it is clear that the real dividend on (A), regarded as a separate undertaking (*i.e.*, the dividend which A would have been able to pay had it not invested money in (B)), is more than 6 per cent. Conversely, if (B) is paying more than 6 per cent., the real dividend on (A) is less than 6 per cent.

70. It would, however, be impossible for us to make all the adjustments suggested by these criticisms, and we have contented ourselves with recalculating the dividends on the basis of the capital actually paid up. The following tables exhibit the nominal capital of the various undertakings for every year since their foundation, the nominal dividend, the amount of capital represented by cash payments, and the real dividend received upon it.

## EASTERN TELEGRAPH COMPANY.

Year ended 31st March.	Nominal Capital.	Nominal Dividend.	Real Capital* (deducting £957,000 for "Bonus Shares").	Real Dividend.
	£	Per cent.	£	Per cent.
At Amalgamation	3,397,000	—	2,440,000	—
1873 - - -	3,532,615	7	2,575,615	9.60
1874 - - -	3,696,865	6	2,739,865	8.10
1875 - - -	3,697,000	5	2,740,000	6.75
1876 - - -	3,697,000	6	2,740,000	8.10
1877 - - -	3,697,000	5	2,740,000	6.75
1878 - - -	3,697,000	5	2,740,000	6.75
1879 - - -	3,697,000	5	2,740,000	6.75
1880 - - -	3,793,000	5	2,836,000	6.69
1881 - - -	3,793,000	5½	2,836,000	7.36
1882 - - -	3,800,000	5½	2,843,000	7.35
1883 - - -	3,800,000	6	2,843,000	8.02
1884 - - -	3,800,000	6	2,843,000	8.02
1885 - - -	3,800,000	6	2,843,000	8.02
1886 - - -	3,800,000	6	2,843,000	8.02
1887 - - -	3,800,000	5½	2,843,000	7.35
1888 - - -	3,800,000	6	2,843,000	8.02
1889 - - -	4,000,000	6½	3,043,000	8.54
1890 - - -	4,000,000	6½	3,043,000	8.54
1891 - - -	4,000,000	6½	3,043,000	8.54
1892 - - -	4,000,000	6½	3,043,000	8.54
1893 - - -	4,000,000	6½	3,043,000	8.54
1894 - - -	4,000,000	6½	3,043,000	8.54
1895 - - -	4,000,000	6½	3,043,000	8.54
1896 - - -	4,000,000	6½	3,043,000	8.54
1897 - - -	4,000,000	6½	3,043,000	8.54
1898 - - -	4,000,000	7	3,043,000	9.20
1899 - - -	4,000,000	7	3,043,000	9.20
1900 - - -	4,000,000	7	3,043,000	9.20
1901 - - -	4,000,000	7	3,043,000	9.20

\* At the amalgamation of the Anglo-Mediterranean, Falmouth-Gibraltar, British Indian Submarine, and Marseilles-Algiers Telegraph Companies, forming the Eastern Company, the amount of profit realised by the shareholders owing to the issue of "bonus shares" was £957,000. Those shareholders who were proprietors of the Telegraph to India Company realised a loss of £62,500 upon the transference of their interest in the latter company to the British Indian Submarine Telegraph Company. As, however, the Telegraph to India Company was not actually one of the companies which were eventually amalgamated, although the proprietors of that company had become shareholders of the British Indian Submarine Telegraph Company, the Committee have not considered it justifiable to set off their loss against the profit of £957,000 mentioned above. The point is, however, open to some doubt.

## EASTERN EXTENSION, &amp;c., TELEGRAPH COMPANY.

Year ended 31st December.	Nominal Capital.	Nominal Dividend.	Real Capital (deducting £342,500 for "Bonus Shares").	Real Dividend.
	£	Per cent.	£	Per cent.
1873 - - -	1,997,500	6½	1,655,000	7·85
1874 - - -	1,997,500	6½	1,655,000	7·85
1875 - - -	1,997,500	5½	1,655,000	6·64
1876 - - -	1,997,500	5	1,655,000	6·03
1877 - - -	1,997,500	5	1,655,000	6·03
1878 - - -	1,997,500	5	1,655,000	6·03
1879 - - -	1,997,500	5	1,655,000	6·03
1880 - - -	1,997,500	6	1,655,000	7·24
1881 - - -	1,997,500	6	1,655,000	7·24
1882 - - -	1,997,500	6½	1,655,000	7·85
1883 - - -	2,500,000	7	2,157,500	8·11
1884 - - -	2,500,000	7	2,157,500	8·11
1885 - - -	2,500,000	7	2,157,500	8·11
1886 - - -	2,500,000	6	2,157,500	6·95
1887 - - -	2,500,000	6½	2,157,500	7·53
1888 - - -	2,500,000	6½	2,157,500	7·53
1889 - - -	2,500,000	7	2,157,500	8·11
1890 - - -	2,500,000	7	2,157,500	8·11
1891 - - -	2,500,000	7	2,157,500	8·11
1892 - - -	2,500,000	7	2,157,500	8·11
1893 - - -	2,500,000	7	2,157,500	8·11
1894 - - -	2,500,000	7	2,157,500	8·11
1895 - - -	2,500,000	7	2,157,500	8·11
1896 - - -	2,500,000	7	2,157,500	8·11
1897 - - -	2,500,000	7	2,157,500	8·11
1898 - - -	2,500,000	7	2,157,500	8·11
1899 - - -	2,500,000	7	2,157,500	8·11
1900 - - -	2,876,100	7	2,533,600	7·95

THE EASTERN AND SOUTH AFRICAN  
TELEGRAPH COMPANY, LIMITED.

(No "Bonus Shares" Capital.)

Year ended 31st March.	Ordinary Capital.	Rate of Dividend.
	£	Per cent.
1882 - - -	400,000	10
1883 - - -	400,000	8
1884 - - -	400,000	8
1885 - - -	400,000	7
1886 - - -	400,000	6
1887 - - -	400,000	10
1888 - - -	400,000	12
1889 - - -	600,000	19½
1890 - - -	600,000	18
1891 - - -	600,000	10
1892 - - -	600,000	10
1893 - - -	600,000	8
1894 - - -	600,000	8
1895 - - -	600,000	8
1896 - - -	600,000	8
1897 - - -	600,000	8
1898 - - -	600,000	8
1899 - - -	600,000	6
1900 - - -	600,000	6
1901 - - -	600,000	6

THE WEST AFRICAN TELEGRAPH  
COMPANY, LIMITED.

(No "Bonus Shares" Capital.)

Year ended 31st December.	Ordinary Capital.	Rate of Dividend.
	£	Per cent.
1886 - - -	231,090	—
1887 - - -	231,090	1½
1888 - - -	231,090	2½
1889 - - -	231,090	5
1890 - - -	231,090	5
1891 - - -	231,090	4
1892 - - -	231,090	—
1893 - - -	231,090	—
1894 - - -	231,090	—
1895 - - -	231,090	4
1896 - - -	231,090	—
1897 - - -	231,090	—
1898 - - -	231,090	—
1899 - - -	231,090	—
1900 - - -	231,090	—

## THE AFRICAN DIRECT TELEGRAPH COMPANY, LIMITED.

(No "Bonus Shares" Capital).

Year ended 31st December	Ordinary Capital.	
	Amount.	Rate of Dividend.
	£.	Per cent.
1886 - . . . . .	225,000	nil
1887 - . . . . .	236,000	nil
1888 - . . . . .	236,000	nil
1889 - . . . . .	236,000	2
1890 - . . . . .	236,000	4
1891 - . . . . .	236,000	4
1892 - . . . . .	236,000	4
1893 - . . . . .	236,000	4
1894 - . . . . .	236,000	4
1895 - . . . . .	236,000	4
1896 - . . . . .	236,000	5
1897 - . . . . .	236,000	5
1898 - . . . . .	236,000	5
1899 - . . . . .	236,000	5
1900 - . . . . .	236,000	5

## AFRICAN DIRECT AND WEST AFRICAN TELEGRAPH COMPANIES, LIMITED.

(Combined statement showing dividends earned on the West Coast of Africa system as a whole).

(No "Bonus Shares" Capital).

Year ended 31st December	Ordinary Capital.	Dividend
		on Ordinary Capital.
	£.	Per cent.
1886 - . . . . .	456,090	—
1887 - . . . . .	467,090	·74
1888 - . . . . .	467,090	1·24
1889 - . . . . .	467,090	3·48
1890 - . . . . .	467,090	4·49
1891 - . . . . .	467,090	4·00
1892 - . . . . .	467,090	2·02
1893 - . . . . .	467,090	2·02
1894 - . . . . .	467,090	2·02
1895 - . . . . .	467,090	4·00
1896 - . . . . .	467,090	2·53
1897 - . . . . .	467,090	2·53
1898 - . . . . .	467,090	2·53
1899 - . . . . .	467,090	2·53
1900 - . . . . .	467,090	2·53

## THE LONDON PLATINO-BRAZILIAN TELEGRAPH COMPANY, LIMITED.

(No "Bonus Shares" Capital).

Year ended 31st December	Share Capital.	
	Amount.	Rate of Dividend.
	£.	Per cent.
1879 - . . . . .	375,480	2½
1880 - . . . . .	375,480	2½
1881 - . . . . .	375,480	2½
1882 - . . . . .	375,480	2½
1883 - . . . . .	375,480	2
1884 - . . . . .	375,480	1½
1885 - . . . . .	375,480	1
1886 - . . . . .	375,480	3
1887 - . . . . .	375,480	2½
1888 - . . . . .	375,480	4
1889 - . . . . .	375,480	4
1890 - . . . . .	375,480	4½
1891 - . . . . .	375,480	4
1892 - . . . . .	375,480	2
1893 - . . . . .	375,480	2½
1894 - . . . . .	375,480	1½
1895 - . . . . .	375,480	1½
1896 - . . . . .	375,480	nil
1897 - . . . . .	375,480	3
1898 - . . . . .	375,480	3½
1899 - . . . . .	375,480	3½
1900 - . . . . .	375,480	3½

## THE EUROPE AND AZORES TELEGRAPH COMPANY, LIMITED.

(No "Bonus Shares" Capital).

Year ended 30th September	Capital.	Dividend.
	£.	Per cent.
1894 . . . . .	167,000	—
1895 . . . . .	167,040	—
1896 . . . . .	167,040	—
1897 . . . . .	167,040	—
1898 . . . . .	167,040	—
1899 . . . . .	167,040	—
1900 . . . . .	173,600	—

## THE PACIFIC AND EUROPEAN TELEGRAPH COMPANY, LIMITED.

(No "Bonus Shares" Capital).

Year ended 30th June	Ordinary Capital.	
	Amount.	Rate of Dividend.
	£.	Per cent.
1893 . . . . .	20,000	nil
1894 . . . . .	40,000	nil
1895 . . . . .	40,000	nil
1896 . . . . .	40,000	2
1897 . . . . .	40,000	3
1898 . . . . .	40,000	4
1899 . . . . .	40,000	4
1900 . . . . .	40,000	4

## THE WEST COAST OF AMERICA TELEGRAPH COMPANY, LIMITED.

Capital written down in 1897 from 10l. to 2l. 10s., involving a decrease of 225,000l. in nominal amount.

Year ended 31st December	Nominal Capital.	Nominal Dividend.	Real Capital (adding 225,000l. for writing down in and after 1897.)	Real Dividend.
	£.	Per cent.	£.	Per cent.
1876 . . . . .	300,000	nil	300,000	nil
1877 . . . . .	300,000	1½	300,000	1½
1878 . . . . .	300,000	nil	300,000	nil
1879 . . . . .	300,000	nil	300,000	nil
1880 . . . . .	300,000	nil	300,000	nil
1881 . . . . .	300,000	nil	300,000	nil
1882 . . . . .	300,000	nil	300,000	nil
1883 . . . . .	300,000	4	300,000	4
1884 . . . . .	300,000	2	300,000	2
1885 . . . . .	300,000	3½	300,000	3½
1886 . . . . .	300,000	2	300,000	2
1887 . . . . .	300,000	5	300,000	5
1888 . . . . .	300,000	6	300,000	6
1889 . . . . .	300,000	6	300,000	6
1890 . . . . .	300,000	2½	300,000	2½
1891 . . . . .	300,000	nil	300,000	nil
1892 . . . . .	300,000	nil	300,000	nil
1893 . . . . .	300,000	nil	300,000	nil
1894 . . . . .	300,000	nil	300,000	nil
1895 . . . . .	300,000	nil	300,000	nil
1896 . . . . .	300,000	nil	300,000	nil
1897 . . . . .	112,500	nil	337,500	nil
1898 . . . . .	112,500	nil	337,500	ni
1899 . . . . .	112,520	nil	337,520	nil
1900 . . . . .	112,520	nil	337,520	nil

## THE WESTERN AND BRAZILIAN TELEGRAPH COMPANY, LIMITED.

(Now merged with the BRAZILIAN SUBMARINE TELEGRAPH COMPANY, LIMITED, under the title of the WESTERN TELEGRAPH COMPANY, LIMITED.)

Year ended	Share Capital.	Dividend paid on same.	Gross Share Capital, including Loss to Shareholders through reduction of Capital.	Nominal Dividend on Gross Share Capital (as shown in Column 3).
	1.	2.	3.	4.
	£.	Per cent.	£.	Per cent.
30th September 1874 - - -	1,350,000	nil	1,350,000	nil
" " 1875 - - -	1,398,200	2½	1,398,200	2·50
" " 1876 - - -	1,398,200	nil	1,398,200	nil
" " 1877 - - -	1,398,200	nil	1,398,200	nil
" " 1878 - - -	1,398,200	nil	1,398,200	nil
" " 1879 - - -	1,398,200	nil	1,398,200	nil
" " 1880 - - -	1,398,200	nil	1,398,200	nil
" " 1881 - - -	1,398,200	nil	1,398,200	nil
" " 1882 - - -	1,398,200	3	1,398,200	3·00
" " 1883 - - -	1,048,650	2½	1,398,200	1·87
" " 1884 - - -	1,048,650	nil	1,398,200	nil
" " 1885 - - -	1,048,650	2½	1,398,200	2·06
15 months to 31st December 1886	1,048,650	3½	1,398,200	2·60
12 months to 31st December 1887	1,048,650	4½	1,398,200	3·18
" " " 1888	1,373,370	5	1,722,920	3·98
" " " 1889	1,380,705	4	1,730,255	3·19
" " " 1890	1,381,065	5	1,730,815	3·99
" " " 1891	1,460,565	4	1,810,115	3·22
" " " 1892	1,460,565	2½	1,810,115	2·06
" " " 1893	1,460,565	2½	1,810,115	2·01
" " " 1894	1,460,655	3	1,810,205	2·42
" " " 1895	1,460,655	3	1,810,205	2·42
" " " 1896	1,460,790	2	1,810,340	1·61
" " " 1897	1,460,970	3½	1,810,520	2·62
" " " 1898	1,460,970	3	1,810,520	2·42
" " " 1899	1,460,970	2½	1,810,520	2·15

NOTE.—The Share Capital of the company was composed of Ordinary Shares of 20*l.* each, up to £ 1,398,200 and including year 1882, and amounted at that date to - - - - - £ 1,398,200

In 1883 these shares were divided into—

Ordinary Shares of 15 <i>l.</i> each - - - - -	688,340
Preferred Shares of 7 <i>l.</i> 10 <i>s.</i> each - - - - -	181,155
Deferred Shares of 7 <i>l.</i> 10 <i>s.</i> each - - - - -	181,155

1,048,650

Resulting in a loss to the shareholders of - - - - - £ 349,550 (or 5*l.* per share).

## THE BRAZILIAN SUBMARINE TELEGRAPH COMPANY, LIMITED.

## No "BONUS SHARES" CAPITAL.

Year ended 30th June.	Ordinary Capital.	
	Amount.	Rate of Dividend including Bonus.
	£.	Per cent.
1875	1,300,000	5
1876	1,300,000	5
1877	1,300,000	5
1878	1,300,000	5
1879	1,300,000	5
1880	1,300,000	6
1881	1,300,000	7
1882	1,300,000	7
1883	1,300,000	6
1884	1,300,000	6
1885	1,300,000	6
1886	1,300,000	6
1887	1,300,000	7
1888	1,300,000	7
1889	1,300,000	7½
1890	1,300,000	7½
1891	1,300,000	8
1892	1,300,000	6½
1893	1,300,000	6½
1894	1,300,000	6½
1895	1,300,000	7
1896	1,300,000	7
1897	1,300,000	7
1898	1,300,000	7
1899	2,059,930	7

## THE WESTERN TELEGRAPH COMPANY, LIMITED.

STATEMENT showing the COMBINED SHARE CAPITALS of the late BRAZILIAN SUBMARINE TELEGRAPH COMPANY, LIMITED, and the WESTERN AND BRAZILIAN TELEGRAPH COMPANY, LIMITED, and the RATE of INTEREST paid on the actual CAPITAL, also the nominal return of INTEREST on the GROSS CAPITAL, including amounts lost by the WESTERN AND BRAZILIAN TELEGRAPH COMPANY'S SHAREHOLDERS through AMALGAMATION, &c.

Year ended 30th June	Share Capital.	Rate of Dividend paid.	Nominal Share Capital (including Total Loss to Western and Brazilian Shareholders from all sources, as per preceding Statements).	Nominal Rate of Interest on Share Capital, as shown in Column 3.
	1.	2.	3.	4.
	£.	Per cent.	£.	Per cent.
1900	2,079,300	7	3,057,401	4.76
1901	2,079,300	7	3,057,401	4.76

## NOTE re CAPITAL.

The total Share Capital of the joint concerns in 1900 - - - - - £. 2,079,300  
Less Share Capital of late Brazilian Submarine Telegraph Company, Limited - - - - - 1,300,000  
Leaving - - - - - 779,300

as representing the Share Capital of the late Western and Brazilian Telegraph Company, Limited.

The Share Capital of the Western and Brazilian Telegraph Company in 1899 stood at - £. 1,460,970  
From which must be deducted :—  
Cash paid to non assenting shareholders on fusion - - - - - £. 42,156  
and for fractional interests - - - - - 10,963  
53,119  
1,407,851

Loss to Western and Brazilian shareholders through fusion - - - - - 628,551

In 1883 the Ordinary Share Capital of the Western and Brazilian Telegraph Company,

Limited, was reduced by 5*l.* per share (from 20*l.* to 15*l.*), viz. :—  
Capital at 20*l.* per share - - - - - 1,398,200  
Capital at 15*l.* per share - - - - - 1,048,650

349,550

TOTAL Loss to Western and Brazilian Shareholders - - - £. 978,101

71. We understand that the Companies contend that the "watering" of their capital should be regarded as counterbalanced by the fact that large sums have been taken from their reserve funds (which are, ultimately, derived from revenue) for capital purposes, such as the construction of new cables. We cannot, however, regard this argument as relevant to the present point, viz., the return secured by the original shareholders on the money invested by them.

Reserve Funds of  
Associated  
Companies.

72. It is extremely difficult to form any definite opinion as to the adequacy of the reserve funds without entering into prolonged investigations of a highly technical character. It would, no doubt, be possible to take the original cost of the cables, to ascertain their probable life, and to calculate the amount of the sinking fund which should have been set aside to replace them, making some allowance for alterations in the price of material and in the general cost of laying. But no one but an expert can say how far the value of the present cables has been increased by renewals, and how far the need for a sinking fund has in consequence been decreased. Again, as we have just observed, large sums have been taken out of the reserve funds for the construction of new cables, which increases the difficulty of judging their adequacy.

73. The Companies are exposed to a double criticism. If their reserve funds are low it may be urged that they are making insufficient provision for replacing their cables when worn out. If they are high, it may be urged that they are charging excessive rates, and building up a fund with which to resist competition in the future.

74. We understand that the Companies' own calculations as to the proper amount of their reserves lead them to the conclusion that any error that they have made has been in the direction of keeping the reserves too low. This view was, generally speaking, confirmed by the representative of the Treasury (Q. 3170).

Subsidies.

75. Considerable attention has been drawn to the Government subsidies received by the Cable Companies, and especially by the "Eastern" group. We publish in Appendix H. a complete list of these subsidies, compiled from official records. It will be seen that the total payments made to existing Companies by the Imperial, Colonial and Indian Governments amount to £2,912,924.

76. The existence of these subsidies has been made the occasion for severe attacks upon the Associated Companies; and, in fairness to them, we desire to say that the nature of a subsidy has been considerably misunderstood.

77. The normal course is that cables should be laid where they are required for commercial reasons, and should be left to pay their own way; but when the Imperial or Colonial Governments have required, for strategic or other reasons, cables which were unlikely to be self-supporting, they have naturally been obliged to pay the Companies for them by offering annual subsidies for a term of years. As a general rule the Imperial Government have given such subsidies only on strategic grounds, and not to secure the reduction of rates. Whether in particular cases the bargain has been a good one for the State is a matter which can hardly be determined without minute examination of detailed accounts, and which we do not propose to discuss.

78. We would point out that the bargain between the State and the Company is a specific one in each instance. The State is entitled to see that due effect is given to its terms, but it derives no extraneous right from it. It cannot contend that a Company which has received a subsidy for one of its lines is bound to carry out costly operations on other lines, or that it should render services quite other than those for which the subsidy was given.

Guarantees of  
minimum  
revenue.

79. We think that there is much to be said for trying a plan which has been adopted by foreign Governments, of guaranteeing a minimum revenue on a line instead of paying a fixed subsidy. A guarantee given in this way accommodates itself automatically to the circumstances of each case, whereas it is always difficult to fix in advance a subsidy which will prove neither too high nor too low.

80. At the same time, in cases where competitive routes exist, difficulties might arise if the Government, in order to reduce its annual payment, sent Government and unrouted messages exclusively by the guaranteed line.

81. We now turn to the third section of this head, viz., "the policy which should be pursued" by the Home and Colonial Governments "in future, especially when new concessions are sought." We understand the question at issue to be whether the powers of control which we have indicated above, and in particular landing-rights concessions, should be exercised leniently, or should be so used as to exert the maximum amount of pressure on the companies. Conditions to be exacted in return for landing-rights.

82. Upon this we would say that, in our opinion, the past services of the companies entitle them to a certain consideration in the matter. The present value of the landing-rights, after all, depends in great measure upon the enterprise of the companies, and the State incurs no trouble or expense in granting them. It is, moreover, highly inexpedient, both on commercial and on strategic grounds, to burden cable enterprise with restrictions and conditions which will diminish the number of cables landing in this country. We do not think, therefore, that public opinion would support any attempt to secure a direct pecuniary return from the companies in exchange for the grant or renewal of landing-rights; and, as a matter of fact, a recent attempt of this kind proved a failure. When the new cable from England to the Cape *via* Madeira, St. Vincent, Ascension and St. Helena was being laid, it was held desirable that, for strategic reasons, a spur line should be laid from Ascension to Sierra Leone. The Company asked for a subsidy of 5,000*l.* a year for 20 years. The Treasury threatened that unless the line were laid without a subsidy, landing-rights at Porthcurno would be refused to the new Cape cable; but they were ultimately obliged to abandon this position, and to assent to a subsidy of 4,500*l.* a year, or only 500*l.* a year less than the sum originally demanded.

83. In our opinion the real function of these concessions is to furnish opportunities of correcting any marked unreasonableness on behalf of the companies. When an application for landing rights is under consideration, the whole position of the company should be reviewed, and the occasion should be used for obtaining the reduction of any abnormal rate, or the removal of any conspicuous grievance of the public. It is clearly desirable that these opportunities should recur with sufficient frequency, and that a moderate term should accordingly be fixed for the currency of the concessions.

84. As an illustration of this policy, we may say that, when the present landing-rights of the Eastern Telegraph Company at Porthcurno lapse in 1904, we think that an attempt should be made to reduce the rates charged by the Associated Companies between Great Britain and the Gold Coast and Nigeria.

85. There is a point connected with the grant of landing-rights which has recently assumed practical importance, and to which we desire for a moment to refer. The traditional policy of this country has been to encourage "free trade" in cables, *i.e.*, to offer no obstacle to the landing of cables upon the shores of Great Britain. Policy as regards landing rights.

\* \* \* \* \*

But it has also been urged that the power to refuse landing-rights should be employed to protect British companies against competition—in particular, against the competition of foreign lines which are either subsidised or owned by the State.

\* \* \* \* \*



88. As regards the future, we think that the normal policy of this country should be to encourage "free trade in cables," and that departures should only be made from it where strong reasons of national interests exist. We do not desire to discuss the general question how far it is the function of a Government to compensate private industries, by subsidies or countervailing duties, for the assistance rendered to their rivals by a foreign State. The case of cable messages is not altogether analogous to that of ordinary commodities. A strategic element enters into the question. We are of opinion that the ruling consideration in such cases must be the interests of the country as a whole; and we think that British companies should not be assisted at the cost of the general taxpayer, or by the sacrifice of strategic advantages to the country at large, unless such assistance is required for the preservation of some national interest—*e. g.*, for the maintenance of a strategic line.

Organisation of  
Government  
Cable business.

89. We have, in this connection, considered whether any improvement could be effected in the present arrangements for dealing with cable business. From the nature of the case, the number of Government Departments interested is considerable. The Treasury deal with cables partly as the central Department of the Government and partly because in certain instances subsidies are demanded. The Foreign Office naturally are concerned in cable policy, which involves international relations. The Admiralty and War Office consider the strategic questions involved. The India Office and Colonial Office are concerned in so far as cables touch on the possessions which they administer. The Board of Trade grant landing rights in this country as the authority controlling the foreshore. Finally, though the business of international telegraphy is outside the monopoly of the Postmaster General, the Post Office, who work the inland telegraphs of this country and the chief submarine cables between England and the Continent and who correspond with the International Telegraph Bureau at Berne have special experience and information as to cable matters.

90. All these Departments are represented on the Cables Landing Rights Committee, and it is clear that, in future, the grant of landing rights will constitute the principal occasion for reviewing the position of the various telegraph administrations.

91. We think, therefore, that it would be well to treat the Committee in future as the expert adviser of the Government on cable matters and to refer to it any point of cable policy (whether directly concerned with landing rights or not) upon which it is desired to obtain a considered opinion.

92. In order to mark the extension of its functions, we recommend that it should in future be entitled "The Cables Committee."

93. The efficiency of the Committee would in our opinion be improved if the Board of Trade were relieved of its present responsibilities with regard to cables. The subject is not one with which that Department deals in the course of its ordinary duties, and we think that it is clearly desirable that the power of deciding whether landing rights should or should not be granted should be transferred to the Treasury, subject in each case to any representations which the Board of Trade may have to offer in the interests of navigation or as to the title of the particular foreshore affected.

94. This transfer could be effected either by legislation by or arranging that the Board of Trade should regard their functions in the matter as purely formal and should always act on the recommendation of the Treasury. A corollary to the change would be that the Committee would report to the Treasury and not, as now, to the Board of Trade.

95. If the functions of the Committee were amplified and enlarged it would be essential that the various Departments concerned should continue to nominate representatives of high official position, who could speak authoritatively on behalf of their Departments, and that the members thus nominated should devote a considerable amount of time to the work of the Committee. We would also draw attention to the necessity of securing a chairman with knowledge and experience of the subject, and able to devote the full time required for the adequate discharge of the duties of the office.

96. Before leaving this head of our reference, we wish to say that we are <sup>State Purchase.</sup> strongly opposed to any scheme for the general purchase of private cables by the State.

97. Sir Edward Sassoon, Bart., M.P., when examined on this subject, gave it as his opinion that all the efficient cables owned by British companies could be purchased for between £3,000,000 and £4,000,000 (Q. 40), adding that his estimate was based on the market value of the cables (Q. 41). On cross-examination he raised the estimate (which was admittedly a rough one) to £5,000,000 (Q. 191). With regard to this we would observe that the nominal value of the British companies' stock is £26,899,982. The market value is not precisely ascertainable. Probably £25,000,000 would fairly represent it (*see* Appendix F).

98. It is clear that the operation suggested is one of serious magnitude, even when a deduction is made for the reserve funds in the hands of the companies. Experience shows that the State does not obtain favourable terms for the transfer of property to itself, and that, when the transfer is made there is constant pressure for an increase in the wages of the working staff and for an indefinite reduction in rates. These objections would not be fatal if it were established that submarine cables would be more efficiently managed by the State than by private companies; but no serious attempt has been made to prove this point and we ourselves are decidedly of a contrary opinion. Many of the cables touch on foreign territory, and it is evident that serious difficulty might arise if the British Government endeavoured to work them by its own operators.

**“ III. To examine existing rates; to report how far they are fair and reasonable; and, if not, how any reduction should be effected.”**

99. We desire at the outset to say that we regard all proposals for a very large reduction in existing rates, such as Mr. Henniker Heaton's suggestion of a 1*d.* rate to America and Australia (QQ. 2212 and 2245) as quite impracticable. There is little analogy between the case of submarine cables and that (for example) of the penny post. The laying, working, and maintenance of a cable requires the expenditure of a definite and substantial amount of capital; and the carrying capacity secured in return is limited. It must not always be assumed that an increase of traffic is necessarily a benefit to the company concerned. So long as the cable is not worked to its full capacity increase of traffic, unless accompanied by a heavy increase in working expenses, implies an increase in net revenue. But when the increase is so great as to necessitate the laying of a new cable, the case is different; and it will be obvious that, at a certain point, a limit is reached beyond which reductions in rates cannot possibly be made. Even when the cables of a company are fully occupied, messages cannot be carried below a rate which will provide for interest on capital, expenses of working, maintenance, and so on. The limit will rise or fall with variations in the cost of materials, &c.; and it will be lowered by any new telegraphic discovery or by improvements in methods of working; but at any given moment it is constant.

100. No detailed calculations were laid before us to show how a 1*d.* rate to America and Australia could be made to pay—indeed the advocate of the scheme broke down altogether when cross-examined on the point (QQ. 2276, 2283, 2290-3)—and we are clearly of opinion that the establishment of such a rate on a commercial basis would be impossible.

101. On the other hand, we are not (generally speaking) in favour either of the working of cables by the State at a loss or of the subsidising of private cables on commercial (as opposed to strategic) grounds, both of which courses appear to us to burden the general tax-payer unfairly for the benefit of a special class.

102. We also desire, before considering the actual rates now in force, to express our opinion with regard to two criteria employed by Sir Edward Sassoon, M.P., in estimating the fairness of rates. We do not think that mileage, taken alone, furnishes an adequate test. The conditions of different cables vary very widely. The unhealthiness of the stations, the cost of working, the character of the sea-bottom in its effect upon the life of the cable itself, must all be taken into account; and no fair conclusion can be arrived at without considering the profit which would be shown on the particular cable if separate accounts were kept of the expenditure and receipts upon it.

103. Nor could we accept as conclusive, comparisons between the rates of ordinary commercial companies and those charged on subsidised cables or State cables worked at a loss by foreign governments.

104. The rates in force between Great Britain and

(i.) British possessions,

(ii.) Foreign countries out of Europe,

on 1st July 1890, 1st July 1895, 1st July 1901, and 1st January 1902, are shown in the following tables.

RATES ON TELEGRAMS from the UNITED KINGDOM to BRITISH POSSESSIONS in 1890, 1895, 1901, and 1902

British Possession.	Rate per word on	Rate per word on	Rate per word on	Rate per word
	1 July 1890.	1 July 1895.	1 July 1901.	1 January 1902.
	<i>s.</i> <i>d.</i>	<i>s.</i> <i>d.</i>	<i>s.</i> <i>d.</i>	<i>s.</i> <i>d.</i>
Aden - - - - -	3 9	3 9	3 9	3 -
Ascension - - - - -	—	—	3 6	3 -
Australia:				
New South Wales - - - - -	9 6	4 11	3 6	3 -
Queensland - - - - -	9 9	9 5	5 1	5 1
South Australia - - - - -	9 4	4 9	3 6	3 -
Tasmania - - - - -	9 11	5 5	3 6	3 -
Victoria - - - - -	9 4	4 10	4 10	4 10
West Australia - - - - -	9 4	4 9	3 6	3 -
Bahamas - - - - -	—	2 5	2 5	2 5
Bermuda - - - - -	—	4 -	2 6	2 6
British Borneo:				
Labuan - - - - -	—	6 5	5 -	5 -
Other places - - - - -	—	—	5 3	5 3
British Central Africa (Nyassaland) -	—	—	3 11	3 5
British East Africa:				
Mombassa - - - - -	7 9	5 -	5 -	3 -
Other places - - - - -	—	5 5	5 5	3 4
Burmah* - - - - -	4 3	4 2	4 2	4 2
Canada, Dominion of:				
British Columbia - - - - -	1 9	1 6	1 6	1 6
" " Klondyke Ex- tension - - - - -	—	—	—	3 2

\* The rate to Burmah has been reduced to 2s. 6d. from the 1st March 1902

RATES ON TELEGRAMS from the UNITED KINGDOM to BRITISH POSSESSIONS in 1890, 1895, 1901,  
and 1902—*continued.*

British Possessions.	Rate per word on 1 July 1890.	Rate per word on 1 July 1895.	Rate per word on 1 July 1901.	Rate per word on 1 January 1902.
Canada, Dominion of— <i>continued.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Cape Breton	1 —	1 —	1 —	1 —
Manitoba	1 6	1 6	1 6	1 6
New Brunswick	1 —	1 —	1 —	1 —
North West Territory	1 9	1 6	1 6	1 6
"    "    Klondyke Extension	—	—	—	3 2
Nova Scotia	1 —	1 —	1 —	1 —
Ontario Province	1 —	1 —	1 —	1 —
Prince Edward Island	1 —	1 —	1 —	1 —
Quebec Province	1 —	1 —	1 —	1 —
Cape Colony, including Basutoland, British Bechuanaland, etc.	8 11	5s. to 5s. 2d.	3 6	3 —
Ceylon*	4 3	4 1	4 1	4 1
Cocos	—	—	—	3 —
Cyprus { <i>vid</i> Turkey	— 7	— 6½	— 6½	— 6½
Eastern Co.	1 7	1 7	1 7	1 7
Gibraltar	— 5½	— 4½	— 3½	— 3½
Guiana, British	14 1	12 2	7 —	7 —
Hong Kong	7 1	7 —	5 6	5 6
India*	4 —	4 —	4 —	4 —
Malay Peninsula	5s. 7d. to 6s. 8d.	5s. to 5s. 9d.	4 6	4 6
Malta	— 7	— 6	— 6	— 6
Mauritius	—	8 9	5 —	3 —
Natal	8s. 9d. to 8s. 11d.	5s. to 5s. 2d.	3 6	3 —
Newfoundland	1 —	1 —	1 —	1 —
New Zealand	10 6	5 2	5 2	5 2
Orange River Colony	8 11	5 2	3 6	3 —
Perim	3 9	3 9	3 9	3 —
Rhodesia, North	—	—	3 11	3 5
Rhodesia, South	—	5 5	3 8	3 2
Rodriguez	—	—	—	3 —
St. Helena	—	—	3 6	3 —
Seychelles	—	7 3	5 —	3 —
Transvaal	8 11	5 2	3 6	3 —
West Africa:				
Bathurst	5 11	5 11	3 6	3 6
Gold Coast:				
Accra	8 —	8 —	5 7	5 7
Other places	8 2	8 2	5 9	5 9
Nigeria:				
Bonny	9 8	9 8	6 10	6 10
Brass	9 8	9 8	6 7	6 7
Lagos	8 10	8 10	6 5	6 5
Other places	—	—	6 7	6 7
Sierra Leone	6 9	6 9	4 6	4 6
West Indies:				
Antigua	10 1	9 10	4 4	4 4
Barbados	11 11	9 11	4 9	4 9
Dominica	10 8	9 2	4 2	4 2
Grenada	11 10	9 11	4 8	4 8
Jamaica	5 10	5 10	3 —	3 —
St. Kitts	9 10	9 10	4 8	4 8
St. Lucia	11 2	9 2	4 6	4 6
St. Vincent	11 5	9 6	4 7	4 7
Trinidad	12 5	10 5	5 1	5 1
Turks Island	—	—	3 —	3 —
Zanzibar	7 9	5 —	5 —	3 —
Zululand	—	5 2	3 6	3 —

\* The rates to India and Ceylon have been reduced to 2s. 6d. and 2s. 7d. a word respectively from 1st March, 1902.

RATES ON TELEGRAMS from the UNITED KINGDOM to FOREIGN COUNTRIES outside Europe in 1890, 1895, 1901, and 1902.

Name of Country.	Rate per word on 1 July 1890.	Rate per word on 1 July 1895.	Rate per word on 1 July 1901.	Rate per word on 1 January 1902.
	s. d.	s. d.	s. d.	s. d.
Alaska	—	—	2 11	3 6
Algeria	— 3	— 3	— 2½	— 2½
Annam	6 4	5 10	5 3	5 3
Argentine Republic	7 —	4s. 6d. and 5s.	3s. 11d. and 4s. 2d.	3s. 11d. and 4s. 2d.
Azores	—	— 10	— 9	— 9
Bokhara	2 —	1 11	1 11	1 11
Bolivia	7 8	6 2	5 9	5 9
Borneo (Dutch)	—	—	—	5 5
Brazil	6s. to 7s. 8d.	4s. to 5s. 9d.	3s. to 5s. 7d.	3s. to 5s. 7d.
Canary Islands	1 7½	— 10	— 9	— 9
Cape Verd Islands:				
St. Vincent	2 11	2 6	2 2	2 2
St. Jago	3 10	3 5	3 1	3 1
Chili	8 10	6 2	5 9	5 9
China:				
Macao	7 6	7 6	5 9	5 9
Other Places	7s. 1d. to 8s. 9d.	7 —	5 6	5 6
Cochin China	5 8	5 1	4 6	4 6
Colombia	5s. to 5s. 9d.	5s. to 5s. 9d.	5s. to 5s. 9d.	5s. to 5s. 9d.
Corea, <i>via</i> Great Northern Co.	9 5	7 —	6s. 2d. and 6s. 5d.	6s. 2d. and 6s. 5d.
<i>via</i> Eastern and Indo Companies	9s. 5d. and 12s. 4d.	7 —	7s. 9d. and 8s.	7s. 9d. and 8s.
Costa Rica	5 3	4 2	4 2	4 2
Dutch East Indies	6 10	6s. and 6s. 6d.	5s. and 5s. 5d.	5s. and 5s. 5d.
East Africa:				
German Possessions	—	5 2	5 2	3 2
Italian Possessions:				
Assab	3 10	3 10	3 10	3 1
Massowah, and Other Places	3 11	3 11	3 11	3 2
Portuguese Possessions	8 10	8 10	4s. 3d. to 5s. 1d.	3s. 1d. to 3s. 6d.
Ecuador	8 3	6 2	5 9	5 9
Egypt	1s. 7d. to 2s. 6d.	1s. 7d. to 2s. 6d.	1s. 7d. to 2s. 6d.	1s. 7d. to 2s. 6d.
Formosa	—	8 —	6 2	6 2
Guatemala	4 3	3s. 1d. and 3s. 4d.	3s. 1d. and 3s. 4d.	3s. 1d. and 3s. 4d.
Guiana, French	—	9s. 6d. to 10s. 10d.	6 9	6 9
Guiana, Dutch	—	9 10	6 9	6 9
Hedjaz (Arabia)	3 9	3 9	3 9	3 9
Honduras (Independent)	4 3	3 9	3 9	3 9
Japan, <i>via</i> Great Northern Co.	8s. and 9s. 5d.	8 —	6 2	6 2
<i>via</i> Eastern and Indo Companies	10s. 8d. and 12s. 4d.	10 8	7 9	7 9
Madagascar	—	10 1	5 8	3 8
Madeira	1 3	1 2	1 —	1 —
Mexico	1s. 9d. to 2s. 8d.	1s. 9d. to 2s. 8d.	1s. 6d. to 2s. 7d.	1s. 6d. to 2s. 7d.
Morocco	— 7	4d. and 6d.	3½d. and 5d.	3½d. and 5d.
Muscat	—	—	—	3 7
New Caledonia	—	10 3	5 9	5 9
Nicaragua	5s. and 5s. 3d.	3s. 11d. and 4s. 2d.	3s. 11d. and 4s. 2d.	3s. 11d. and 4s. 2d.
Obock:				
Obock	3 10	3 10	3 10	3 1
Djibouti	—	—	4 —	3 3
Paraguay	7 —	4s. 6d. and 5s.	3s. 11d. and 4s. 2d.	3s. 11d. and 4s. 2d.
Persia	1s. 7d. and 2s. 6d.	1s. 6d. and 2s. 5d.	1s. 6d. and 1s. 9d.	1s. 6d. and 1s. 9d.
Persian Gulf	3 9	3 7	3 7	3 7
Peru	8s. 2d. to 12s.	6 2	5 9	5 9
Philippine Islands	9 —	9 —	8s. 7d. and 9s.	5s. 9d. and 6s. 2d.
Russia in Asia	1s. 9d. and 2s. 8d.	1s. 8d. and 2s. 7d.	1s. and 1s. 3d.	1s. and 1s. 3d.
Russia (Caucasus)	— 6½	— 5½	— 5½	— 5½
St. Pierre and Miquelon	1 —	1 —	1 —	1 —
San Salvador	4s. and 4s. 3d.	3s. 6d. and 3s. 9d.	3s. 6d. and 3s. 9d.	3s. 6d. and 3s. 9d.
Siam, <i>via</i> Moulmein	4 10	4 6	5 10	3 10
<i>via</i> Saigon	6 2	5 7	5 —	5 —
Tonquin	6 9	6 3	5 6	5 6
Tripoli	1 2	1 1	— 8½	— 8½
Tunis	— 3	— 3	— 2½	— 2½
Turkey in Asia	— 7	— 6½	— 6½	— 6½
United States	1s. to 1s. 8d.	1s. to 1s. 8d.	1s. to 1s. 6d.	1s. to 1s. 6d.
Uruguay	8 —	4s. 6d. and 5s.	3s. 11d. and 4s. 2d.	3s. 11d. and 4s. 2d.
Venezuela	9 11	10 11	7s. 2d. and 7s. 7d.	7s. 2d. and 7s. 7d.
West Africa:				
French Possessions—				
Dahomey	6 7	6 3	6 3	6 3
French Congo	7 1	6 9	6 9	6 9

RATES ON TELEGRAMS from the UNITED KINGDOM to FOREIGN COUNTRIES outside Europe in 1890, 1895, 1901, and 1902—*continued.*

Name of Country.	Rate per word on 1 July 1890.	Rate per word on 1 July 1895.	Rate per word on 1 July 1901.	Rate per word on 1 January 1902.
West Africa— <i>continued.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
French Guinea:				
Conakry - - - - -	4 10	4 7	4 6	4 6
Other Places - - - - -	—	—	4 7	4 7
Ivory Coast - - - - -	5 4	5 1	5s. and 5s. 2d.	5s. and 5s. 2d.
Senegal - - - - -	2 10½	1 6	1 5	1 5
Soudan - - - - -	—	—	1 5	1 5
German Possessions:				
Cameroons - - - - -	—	9 10	7 -	7 -
Togoland - - - - -	—	8 4	5s 11d. and 6s. 6d.	5s. 11d. and 6s. 6d.
Swakopmund - - - - -	—	—	3 8	3 2
Portuguese Possessions:				
Angola—				
Benguela - - - - -	10 5	9 10	9 9	9 9
Loanda - - - - -	9 -	8 7	8 6	8 6
Mossamedes - - - - -	11 4	10 9	10 9	10 9
Capangombe - - - - -	—	—	—	—
Chibia - - - - -	—	—	—	—
Huilla - - - - -	—	—	10 10	10 10
Huipatha - - - - -	—	—	—	—
Lubango - - - - -	—	—	—	—
Other Places - - - - -	—	—	8 7	8 7
Bissao and Boiama - - - - -	4 10	4 7	4 6	4 6
Principe - - - - -	7 6	7 1	7 0	7 0
San Thomé - - - - -	6 11	6 7	6 6	6 6
West Indies:				
Cuba - - - - -	2s. 8d. to 5s.	2s. 8d. to 4s. 9d.	1s. 8d and 1s. 10d.	1s. 8d. and 1s. 10d.
Curaçao - - - - -	9 2	9 2	6 9	6 9
Guadeloupe - - - - -	10 6	9 0	5 2	5 2
Hayti:				
Cape Haitien - - - - -	—	7 10	5 4	5 4
Mole St. Nicholas - - - - -	6 10	6 10	5 4	5 4
Port au Prince - - - - -	—	7 10	5 4	5 4
Other Places - - - - -	—	8 5	7 5	7 5
Les Saintes - - - - -	—	—	5 2	5 2
Marie Galante - - - - -	—	9 4	5 2	5 2
Martinique - - - - -	10 11	9 -	5 2	5 2
Porto Rico - - - - -	9 -	9 -	4 2	4 2
St. Croix - - - - -	9 4	9 4	5 3	5 3
St. Thomas - - - - -	9 1	9 1	5 -	5 -
San Domingo - - - - -	8 11	8 11	6 6	6 6
Yemen (Arabia) - - - - -	—	4 4	4 4	3 7

105. It will be seen from these statements that very considerable reductions have been made in the word rate on most of the principal lines during the last decade.

106. But the real rates per word, at least for commercial messages, are far below the figures given above, owing to the great and increasing use of codes.

107. We asked the Eastern Telegraph Company, who have always given prominence to this consideration, whether they could substantiate their argument by any concrete facts and instances. They informed us, in reply, that on taking an average from 10 pages of a popular public code (the "A.B.C.") they found that 5·95 plain language words were represented by one code word. They also found that, taking an average from a small private code which they had had an opportunity of examining, 27·98 plain language words were represented by one code word. It must, however, be remembered that many private messages contain a certain number of words which cannot be coded, and which, of course, reduce this average. Codes.

108. They further supplied us with statistics, which will be found in Appendix K, showing the percentage of messages sent (*a*) in plain language, (*b*) in plain language and code mixed, and (*c*) in code or cypher, on typical days in 1890 and 1901 respectively (Government, press, and service telegrams being

entirely excluded from the calculations). The most striking features in the return are the great increase (from 9.66 per cent. to 46.65 per cent.) in the use of code and cypher as regards "European" messages and the decrease (from 72.32 per cent. to 60.52 per cent.) as regards "Extra-European" messages. There is, however, a considerable increase in mixed code and plain language telegrams.

109. An instance of the economy effected by a code will be found in Appendix L. In this case 139 plain language words are represented by five code words, and a nominal rate of 4s. a word would be equivalent to a real rate of 1½d. a word.

Observations on Rates.

110. We have learnt with great satisfaction that the investigation of the question of the Indian rate in our First Report and the attention directed to the subject by our recommendations have resulted in the withdrawal by Russia and Germany of their objections to the proposed reduction, and that the rate has accordingly been reduced to 2s. 6d. from 1st March, 1902. This being so, we are not prepared to say that any of the rates are at present prohibitive, with one exception. We think that the rates to the Gold Coast and Nigeria, which were reduced on 1st May last,\* should be reduced still further, and that when the Eastern Telegraph Company applies for a renewal of its landing rights at Porthcurno in 1904 it might reasonably be asked to obtain some concession in this direction from the African Direct and West African Companies, which are associated with it.

#### URGENT AND DEFERRED RATES.

111. We have had before us representations in favour of recognising--

- (i.) "urgent" rates ;
- (ii.) "deferred" rates ;

in addition to the ordinary rates.

"Urgent rates."

112. "Urgent" telegrams are contemplated by § XLIX. of the International Service Regulations, which provide for their transmission at three times the charge for an ordinary telegram of the same length (1). They may be accepted in transit even by administrations which do not forward them on their own account (4). A list of administrations accepting urgent telegrams for the international service is given in Appendix M.

113. We found that the representatives of the Associated Companies are in favour of "urgent" rates, and see no difficulty in dealing with two classes of telegrams (QQ. 510, 513). They quoted (Q. 644) one instance in which cricket news had been sent from Australia to England at these rates, and mentioned that on the Barcelona-Marseilles cable of the Direct Spanish Company, 33 per cent. of the traffic (Stock Exchange quotations) was "urgent." "Urgent" telegrams were occasionally useful as enabling merchants to stop previous

\* The following reductions in West African rates were made on 1st May, 1901 :—

Name of Place.	Rate prior to 1st May 1901.	Rate on 1st May 1901.
British Possessions :	<i>s. d.</i>	<i>s. d.</i>
Bathurst - - - - -	4 7	3 6
Gold Coast :		
Accra - - - - -	6 3	5 7
Other places - - - - -	6 5	5 9
Nigeria :		
Bonny - - - - -	8 3	6 10
Brass - - - - -	7 10	6 7
Lagos - - - - -	7 1	6 5
Other places - - - - -	7 3	6 7
Sierra Leone - - - - -	5 5	4 6
German Possessions :		
Cameroons - - - - -	8 5	7 -
Togoland - - - - -	6 6	5 11

telegrams. They were accepted by the Companies in China, Egypt, and other States where they were permitted to accept them.

114. We were also informed that the introduction of "urgent" rates in Egypt had proved a great success. In the first two years after their introduction the Egyptian Government secured additional profits amounting to £5,000 and £9,000 respectively without any additional work and without prejudice to the ordinary traffic, while the mercantile community much appreciated the new facility. Urgent messages were found, on the average, not to exceed 6 per cent. of the total traffic.

115. On the other hand, the representative of the Post Office expressed himself as adverse to "urgent" rates, both on the technical ground that they were opposed to the principle of the Telegraph Acts that all messages should be sent without favour or preference, and for the more substantial reason that all telegrams should be regarded as urgent, and that the recognition of certain messages as "urgent" was found, in experience, to lead to delay in dealing with ordinary messages (QQ. 1784, 1785).

116. In fact, while a service was described as a service of "urgent" and "ordinary" messages, it really became a service of "ordinary" and "deferred."

117. After careful consideration, we incline to think that, so far as the United Kingdom is concerned, the Post Office view is the right one, and we do not wish to recommend the introduction of 'urgent rates' in this country or in other British possessions where they are not in force.

118. With regard to "deferred" rates, the Companies were disinclined to introduce them for fear that they might become the rule rather than the exception, and that so large a portion of the traffic might be sent at these rates as to seriously diminish the revenue received (QQ. 513, 578). The Post Office also expressed themselves as adverse, on the ground that "deferred" rates were not sanctioned by the Convention (Q. 1767), that it was desirable that in cable matters the interests of the whole community should be identical (Q. 1772), and that the "deferred" rates tended towards the maintenance of ordinary rates at a high level (Q. 1946).

119. On the other hand, it must be remembered that the "deferred" rate exists in Egypt and India and is popular, especially in the latter country (Q. 960). Sir Edward Sassoon (Q. 137) expressed himself as favourable to it, and the representative of the India Office (Q. 960) saw no objection to its introduction. Our own opinion is that the advisability of a "deferred" rate depends largely on the circumstances of each particular case. In the United Kingdom, for instance, the time required for the transmission of letters is so short that a deferred telegram would have little or no superiority in point of speed. It is in countries such as India and Egypt, where the "postal distances" are large, and the difference in the time occupied by a letter and even a considerably-delayed telegram is important, that the deferred message has found its opportunity.

120. We think that the same considerations are applicable to submarine telegrams. There would be little object in introducing a deferred rate between countries in close proximity such as England and France, where messages can be sent through the ordinary post with little delay. But we are convinced that, say between England and America, or England and India, some means of communication intermediate between the letter post and the ordinary telegram would be convenient and popular.

121. Whether such a rate would prove remunerative to the companies would depend largely on the condition of traffic. If the cable were already fully occupied, or nearly so, there would be no motive for attracting additional business at lower rates. On the other hand, if the cable were little used, there would be no press of business to delay "deferred" telegrams, and the distinction between them and ordinary telegrams would vanish. Again, in cases where messages passed over several systems difficulties might arise with regard to the transit rates to be paid out to other administrations.

122. We think, however, that there are instances in which it would be in the companies' own interests to try the experiment—which could be discontinued if unsuccessful—of charging a lower rate for "deferred" messages on



the understanding that they would not be transmitted until the ordinary business had been dealt with, and that there would be no ground of complaint even if they were delayed for several days. The sender of the message would, in fact, receive an inferior service for a lower price. We think that such an arrangement would be a considerable boon to the public, especially as regards messages which were domestic or social rather than commercial in character.

### SUMMARY.

Summary of  
recommendations

We add for convenience a summary of our principal recommendations and conclusions.

- (i.) In view of the probability of cable-cutting, a variety of alternative routes should be provided wherever it is essential to secure telegraphic communication in time of war. (Par. 11.)
- (ii.) Appreciable but not paramount value should be attached to the provision of "all-British" routes. Every important colony or naval base should be connected with this country by one cable touching only on British territory or on the territory of some friendly neutral. After this there should be as many alternative cables as possible following commercial routes. (Par. 20.)
- (iii.) We recommend the construction of—
  - (a.) A cable connecting either Rodriguez and Ceylon, Cocos-Keeling and Ceylon or Cocos-Keeling and Singapore. (Par. 31.)
  - (b.) A land line connecting the Straits Settlements and Burmah. (Par. 36.)
  - (c.) An "all-British" cable to St. Lucia—to be commenced as soon as the state of cable enterprise in the West Indies permits. (Par. 37.)
- (iv.) While land-lines are cheaper to construct and maintain than submarine cables, it is in certain cases essential on strategic grounds that the former should not be permitted to drive the latter out of the field of competition. (Par. 50.)
- (v.) We are aware of no power of controlling cable companies possessed by the State besides the following :—
  - (a.) The power to make stipulations when granting a subsidy or guarantee. (Par. 55 (i).)
  - (b.) The power to employ public funds in competing or encouraging competition with private enterprise. (Par. 55 (ii).)
  - (c.) The power to grant or withhold general facilities. (Par. 55 (iii).)
  - (d.) The power to grant or withhold Government messages and unrouted telegrams. (Par. 55 (iv).)
  - (e.) The power to grant or withhold landing rights. (Par. 55 (v).)
- (vi.) The possible advantage of giving guarantees of minimum revenue in place of subsidies should be considered. (Par. 79.)
- (vii.) No direct pecuniary return should be demanded for landing-rights. The concessions should, however, be regarded as a check on any marked unreasonableness. (Pars. 82 and 83.)
- (viii.) The normal policy of this country and its dependencies should be to encourage "free trade in cables." Exceptions should only be made to this rule on the ground of national, not of private, interests (Par. 88.)

- (ix.) We recommend that the Cables (Landing Rights) Committee should be strengthened, and that its functions should be enlarged so as to include the consideration of all questions relating to cables, that it should be entitled "The Cables Committee," and that it should report direct to the Treasury, the Board of Trade being relieved of its present responsibilities with regard to cables. (Pars. 90 to 94.)
- (x.) We are strongly opposed to the general purchase of cables by the State. (Par 96.)
- (xi.) We are not prepared to say that any of the existing rates are excessive, with the exception of those to the Gold Coast and Nigeria. We recommend that an attempt should be made to reduce these in connection with the renewal of the Eastern Telegraph Companies' landing rights at Porthcurno, in 1903 (Par. 10.)
- (xii.) We would welcome the introduction of "deferred" rates in any case where—
- (a.) The time required for postal communication is considerable and—
  - (b.) The cables are not fully occupied with ordinary messages, but—
  - (c.) Are sufficiently occupied to admit of a real distinction between ordinary and deferred messages. (Pars. 120 to 122.)

In conclusion, we desire to record our obligations to Mr. Roland Wilkins, who has acted as Secretary to the Committee, and to Mr. James H. Lindsay, our Assistant Secretary, for the manner in which they have discharged their duties. The painstaking ability which they have shown in fulfilling their respective posts leaves nothing to be desired on our part, and has materially lightened for us the labour of the enquiry entrusted to us.

BALFOUR OF BURLEIGH (Chairman),  
 LONDONDERRY,  
 R. W. HANBURY,  
 HARDWICKE,  
 ONSLOW,  
 J. C. ARDAGH,\*  
 R. N. CUSTANCE.

ROLAND WILKINS, Secretary.

J. H. LINDSAY, Assistant Secretary.

26TH MARCH, 1902.

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\* Sir John Ardagh's signature is appended under written authority left by him with the Chairman; the Report, though in an advanced state of preparation, not having been finally completed when he started for South Africa.

## APPENDIX A.

## SUMMARY.

A common fund is instituted by the Eastern Telegraph Company, the Indo-European Telegraph Company, and the Indo-European Telegraph Department.

The fund relates to all messages exchanged

- (a.) With India.
- (b.) With countries beyond India, *via* that country.

I. *Into the fund* are paid all the net receipts of each Administration on such messages, the net receipts being the gross receipts, less

- (i.) Royalties (such as those paid to Russia and Germany, or rents for lines.\*
- (ii.) Any sums paid for the transmission of messages beyond the systems of the Administrations concerned.

II. *The fund is distributed* (normally) in the following proportions :—

	Cis Indian Messages.	Trans-Indian Messages.
Eastern Telegraph Company	59·82	80·53
Indo-European Telegraph Company	22·12	12·03
Indo-European Department	18·06	7·44

These percentages were based on the actual sums paid in under normal conditions by each Administration, a small adjustment being made in favour of the Indo-European Department in recognition of the fact that messages sent by the Turkish route pass over the lines between Bushire and Fao.

They were originally open to revision by arbitration once in every seven years; but, as it was found that the Eastern Company were still trying to attract traffic to their own route in order to claim a larger percentage in future, it was arranged in 1878-9 to cancel this provision, with the result that the percentages are now under ordinary circumstances to be regarded as fixed. One slight modification, in favour of the Indo-European Telegraph Department, has since been made (in 1894) by mutual consent.

HEADS OF AGREEMENT between the INDO-EUROPEAN TELEGRAPH DEPARTMENT OF HER MAJESTY'S INDIAN GOVERNMENT, THE EASTERN TELEGRAPH COMPANY, LIMITED, and THE INDO-TELEGRAPH COMPANY, LIMITED, hereinafter respectively referred to as "Administrations to Indian and Trans-Indian Messages."

I.—Agreement to be subject to assent of Concessionary Governments interested, and approval of shareholders of the two companies. Subject to such assent and approval to have effect as from the 1st of April 1878.

II.—Each Administration to work its own telegraph system independently (subject to the provisions hereinafter contained), pay its own expenses of working, renewals and maintenance, and use its best endeavours to keep its wires in good working order.

\* N.B.—The amount paid by the Companies for rent of lines in Great Britain is *not* deducted.

III.—Gross receipts of the three Administrations (less paid outs) for messages transmitted by their respective lines and originating in or destined for India (hereinafter called Indian receipts) to be for a common purse and to be divided in the following proportions :—

To the Eastern Company, 60·39 per cent.  
 To the Indo-European Company, 22·34 per cent.  
 To the Telegraph Department, 17·27 per cent.

These proportions, however, to be subject to variation as hereinafter provided.

IV.—Gross receipts of the three Administrations (less paid outs) for messages transmitted by their respective lines originating in or destined for places beyond India (hereinafter called Trans-Indian receipts), to be also for a common purse and to be divided as follows :—

To the Eastern Company, 80·53 per cent.  
 To the Indo-European Company, 12·03 per cent.  
 To the Telegraph Department, 7·44 per cent.

These proportions, however, to be subject to variation as hereinafter provided.

V.—No alteration of tariff or rates for messages originating in or destined for India (hereinafter called Indian messages), or for messages originating in or destined for places beyond India (hereinafter called Trans-Indian messages), so far as relates to their transit between Europe and India, to be made without mutual consent.

VI.—Messages to be sent according to the route indicated by the senders and the working condition of the lines.

VII. In the event of a total interruption of the Eastern line (by which is meant the Eastern Company's lines from London to India) or of the Indo-European line (by which is meant the Indo-European Telegraph system from London to India) so as to prevent the transmission by the respective lines of Indian and Trans-Indian messages, all messages directed to go by the interrupted line shall be diverted to the other line, if working, immediately, or at latest within twelve hours from the time of such total interruption. Each party to give to the other immediate notice of interruptions, whether total or partial.

VIII.—If the Eastern line be interrupted so as to necessitate the diversion of the Indian and Trans-Indian messages from that line, then the Eastern Company's proportion of the Indian and Trans-Indian receipts during such interruption (not reckoning the first period of interruption as specified in Clause XII.) shall be 51·51 per cent., the Indo-European Company's proportion shall be 27·73 per cent., and the Telegraph Department's proportion 20·76 per cent. The net receipts of the Eastern Company for Indian and Trans-Indian messages transmitted by any part of the Eastern line from and to India or beyond during any period of partial interruption shall be divided according to Clauses III. and IV. respectively; any increase upon paid outs on such messages beyond the amount payable on the Eastern Company's direct route in consequence of their not passing over that route to be borne by the Eastern Company exclusively, so as to leave its contribution to the common purse unaltered.

IX.—If the Indo-European line be interrupted so as to necessitate the diversion of the Indian and Trans-Indian messages from that line, the Indo-European Company's proportion of the Indian and Trans-Indian receipts during such interruption (not reckoning the first period of interruption as specified in Clause XII.) shall be 17·36 per cent., the Telegraph Department's proportion 13·20 per cent., and the Eastern Company's proportion 69·44 per cent. The net receipts of the Indo-European Company and the Telegraph Department for Indian and Trans-Indian messages transmitted

by any part of the Indo-European line from and to India or beyond, during any period of partial interruption, shall be divided according to Clauses III. and IV. respectively; any increase upon paid outs upon such messages beyond the amount payable on the Indian-European direct route in consequence of their not passing over that route to be borne exclusively by the Indo-European Company and the Telegraph Department (in proportions corresponding to their respective receipts under Clauses III. and IV. respectively), so as to leave their contributions to the common purse unaltered.

X.—If the Turkish route (by which is meant the telegraph system between London, Constantinople, Fao, and Kurrachee) be interrupted so as to necessitate the diversion of Indian and Trans-Indian messages from that route, then the Telegraph Department shall pay into the common purse, during such interruption (not reckoning the first period as specified in Clause XII.), the sum of fcs. 50 per diem for the first twelve months, and fcs. 100 per diem for the following six months, and thereafter fcs. 350 per diem until the communication be restored, such sums to be divided between the three Administrations in the proportions specified in Clause III.

XI.—If the Eastern line and the Indo-European line between London and Bushire be simultaneously interrupted, so as to necessitate the diversion of Indian and Trans-Indian messages from those lines respectively, and the Turkish route between London and Kurrachee is not interrupted, then the Telegraph Department's proportion of the Indian and Trans-Indian receipts during such simultaneous interruption (not reckoning the first period of interruption as specified in Clause XII.) shall be 30·25 per cent., the Eastern Company's proportion shall be 53·68 per cent., and the Indo-European Company's proportion 16·07 per cent.

XII. Receipts in respect of messages forwarded on the day of any total interruption (*i.e.*, messages accepted for transmission prior to midnight of that day) as well as messages accepted for transmission up to midnight of the following day, shall be dealt with and divided under Clause III. and IV., so that the altered proportions under Clauses VIII., IX., and XI. respectively shall take effect only after the lapse of one clear day, calculating from midnight of the day of the interruption of the line.

XIII.—Total interruption on either line will be reckoned according to the local time of the place where the interruption occurs.

XIV.—After twelve successive months' total interruption as aforesaid of either the Eastern or Indo-European line from any cause, the proportions payable under this Agreement out of the common purse shall be modified as follows: If the Eastern line shall have been so interrupted for twelve months, then for the six months next ensuing (if the interruption so long continue) the proportion of the Eastern Company of the Indian and Trans-Indian receipts shall be reduced to 36·38 per cent. and the Indo-European Company's proportion shall be 36·38 per cent. and the Telegraph Department's proportion 27·24 per cent. If the Indo-European line shall be so interrupted for a period of twelve months, then for the six months next ensuing (if the interruption so long continue) the Indo-European Company's proportion of the Indian and Trans-Indian receipts shall be reduced to 13·41 per cent., the Telegraph Department's proportion to 10·60 per cent., and the Eastern Company's proportion shall be 75·99 per cent.

XV.—After twelve successive months' total simultaneous interruption as mentioned in Clause XI., the proportions payable under this Agreement out of the common purse shall be modified as follows: For the six months next ensuing (if the interruption so long continue) the Telegraph Department shall receive 49·06 per cent. of the Indian and Trans-Indian receipts, the Eastern Company 39·20 per cent., and the Indo-European Company 11·74 per cent.

XVI.—Provided that, if during such simultaneous interruption as aforesaid, the Eastern line and the Indo-European line, or either of them, are contributing to the common purse an amount equal to that contributed by

the Telegraph Department in respect of messages transmitted by the Turkish route, then during such contribution the altered proportions under Clause XI. or Clause XV., as the case may be, shall cease to have effect.

XVII.—If the communication by the Eastern line or the Indo-European line be interrupted and be not restored before the expiration of eighteen calendar months, then the Eastern Company, or, as the case may be, the Indo-European Company and the Telegraph Department shall each retain its own receipts as its own exclusive property, until the interrupted line be restored, but if not restored within thirty calendar months from the commencement of the interruption, then this Agreement shall, at the option of and on notice from either Administration to the others, cease to have prospective operation, save as regards the adjustment of past matters.

XVIII.—All joint expenses incurred by agreement to be contributed by the three Administrations in the following proportions, viz.: the Eastern Company 65·64 per cent., the Indo-European Company 19·65 per cent., and the Telegraph Department 14·71 per cent.

XIX.—(a) Full accounts to be exchanged quarterly. (b) Each Administration to make up its accounts according to local time and dates at which messages are accepted for transmission throughout its system. Homeward messages from India by either line must bear the Indian local dates and times, the Indo-European line being for this purpose considered as terminating in Kurrachee. (c) The accountant of each Administration to have access to the books, returns, and vouchers of the other Administrations relating to Indian and Trans-Indian messages, for the purpose of verifying the accounts.

XX.—Each Administration to pay over estimated balances to the other or others in London monthly in sterling on days to be agreed upon, but subject to adjustment quarterly.

XXI.—The Agreement to be in force until 31st December, 1895, or for any longer period to which the Indo-European Company's Concessions may, whilst the Agreement remains in force, be extended; but subject to the Agreement being sooner determined as provided by Clause XVII., and subject also to revision of any of its provisions at any time, by mutual Agreement, and at the end of any period of seven years from the commencement of the term by arbitration in case of difference, on either Administration giving six months' notice to the others that such a revision is required, and specifying the alterations proposed and the grounds for requiring the same.

XXII.—If the proportions of the Eastern Company or of the Indo-European Company and the Telegraph Department of the total tariff charge for Indian and Trans-Indian messages shall be hereafter varied, the proportions of their respective receipts from the common purse may on the application of either party be varied by agreement; or, failing agreement, by arbitration. It is understood, however, that if the rates for Indian or Trans-Indian messages by the Turkish route should be assimilated to the rates by the Eastern and Indo-European lines, such assimilation will not entitle either of the parties hereto to require an alteration of such proportions.

XXIII.—“India,” for the purpose of these heads, shall be considered as including not only India proper, but Ceylon and Burmah, and, subject to arbitration in case of difference, any other place or places which either party may desire to have included under that definition. It is expressly agreed that traffic transmitted by any cable which may hereafter be laid to the Mauritius or South Africa is not included in this Agreement.

XXIV.—Detailed Agreement, with all necessary and proper Clauses, to be executed at the request of either Administration, to be in case of difference settled by the Senior Conveyancing Counsel of the Court of Chancery for the time being.

XXV.—All questions which may arise between the Administrations parties hereto, or any two of them, as to the meaning of anything herein contained, or the operation thereof, or as to anything done or to be done hereunder, or under the detailed Agreement to be executed in pursuance hereof or arising therefrom (as well in cases hereinbefore specially provided for as in all other cases), shall, failing Agreement, be referred to arbitration, in accordance with "The Railway Companies Arbitration Act, 1859," and as if the parties hereto were Railway Companies.

Dated 28th May, 1878.

For the Indo-European Telegraph Department of Her Majesty's Indian Government,

JOHN U. BATEMAN CHAMPAIN, Major, R.E.

JAMES ANDERSON, Director.

GEORGE DRAPER, Secretary.



H. WEAVER, Director.

J. H. TRITTON, Director.

W. ANDREWS, Manager and Secretary.



SUPPLEMENTAL ARTICLE agreed to be added to the Heads of Agreement bearing date the 28th May, 1878, between THE INDO-EUROPEAN TELEGRAPH DEPARTMENT of Her Majesty's Indian Government, THE EASTERN TELEGRAPH COMPANY LIMITED, and THE INDO-EUROPEAN TELEGRAPH COMPANY LIMITED, as to Indian and Trans-Indian messages.

It is mutually determined and agreed (the consent of the Concessionary Governments interested having been obtained) that any revision of any of the provisions of the said Heads of Agreement by arbitration under or in pursuance of Clause 21 of the said heads shall not extend to or embrace the percentage proportions of the Administrations, or any or either of them, in the common purse under Clauses 3 and 4 thereof; and, save by mutual agreement, the proportionate interest of the Administrations in the common purse shall remain as fixed or provided for by the said Heads of Agreement, the rights and obligations of the respective parties thereunder in all other respects remaining in full force.

Dated 25th November, 1879.

Signed on behalf of the Indo-European Telegraph Department of Her Majesty's Indian Government by } J. U. BATEMAN CHAMPAIN,  
Lt.-Col., R.E.

The Common Seal of the Eastern Telegraph Company Limited was hereunto affixed in the presence of



JAMES ANDERSON, Director.  
GEORGE DRAPER, Secretary.

The Common Seal of the Indo-European Telegraph Company Limited was hereunto affixed in the presence of



J. HOLLAND,  
J. B. TREMENIEERE, } Directors.  
W. ANDREWS, Secretary.



**AN AGREEMENT** made this 25th day of September 1894, between **THE SECRETARY OF STATE FOR INDIA IN COUNCIL** of the one part, **THE EASTERN TELEGRAPH COMPANY, LIMITED**, of the second part, and **the INDO-EUROPEAN TELEGRAPH COMPANY, LIMITED**, of the third part.

Whereas this agreement is supplemental to the heads of agreement dated the 28th May 1878, and also to the supplemental agreement dated the 25th November 1879, both made between the Indo-European Telegraph Department of Her Majesty's Indian Government and the parties hereto of the second and third parts.

And whereas the Indo-European Telegraph Department of Her Majesty's Indian Government have represented to the Eastern Telegraph Company, Limited, and the Indo-European Telegraph Company, Limited, that they should be entitled to a larger proportion of the receipts of the joint purse owing to their having omitted from their calculations when entering into the agreement of the 28th May 1878 the receipts arising from messages originating in India and beyond, and terminating in Persia and the Persian Gulf and *vice versa*, and that Article 3 of the said agreement of the 28th May 1878 should accordingly be amended.

And whereas the Eastern Telegraph Company, Limited, and the Indo-European Telegraph Company, Limited, although they are not bound to accede to such representations, have agreed with a view to the continuance of the harmonious working of the joint purse to allow such amendment.

Now it is hereby mutually agreed by and between the parties hereto—

1. That as from the 1st of January 1894, Article 3 of the said agreement of the 28th May 1878 shall be read and construed as follows:—

“Gross receipts of the three Administrations (less paid outs) for messages transmitted by their respective lines and originating in or destined for India (hereinafter called Indian Receipts) to be for a common purse and to be divided in the following proportions:—

“To the Eastern Company, 59·82 per cent.

“To the Indo-European Company, 22·12 per cent.

“To the Indo-European Telegraph Department of Her Majesty's Indian Government, 18·06 per cent.

“These proportions, however, to be subject to variations as hereinafter provided.”

2. In all other respects the parties hereto confirm and ratify the terms and conditions contained in the said agreements of the 28th May 1878 and the 25th November 1879.

In witness whereof **ROBERT HARDIE, Esq.**, and General **Sir DONALD MARTIN STEWART, Baronet, G.C.B., G.C.S.I.**, being two members of the Council of India, have hereunto set their hands and seals, and the Eastern Telegraph Company Limited and the Indo-European Telegraph Company Limited have respectively caused their common seals to be affixed the day and year first above written.

Signed, Sealed, and Delivered  
by the above-named **ROBERT HARDIE, Esq.**, and General **Sir DONALD MARTIN STEWART**,  
in the presence of

**R. HARDIE,**

(L.S.)

**D. M. STEWART,**

(L.S.)

**W. H. TREASURE, India Office,  
Solicitor.**

The Common Seal of the Eastern  
Telegraph, Company, Limited,  
was affixed in the presence of



J. DENISON PENDER, Director.  
GEORGE DRAPER, Secretary.

The Common Seal of the Indo-  
European Telegraph Company,  
Limited, was affixed in the  
presence of



J. H. TRITTON, } Directors.  
W. ANDREWS, }  
F. MOLL, Secretary.

## APPENDIX B.

Statement showing the amounts paid into, and drawn out of, the Joint Purse by the Indo-European Telegraph Department, on Indian and Trans-Indian Traffic, for the past five years :—

Year.	Indian Traffic.	
	Paid in. £	Drawn out. £
1895-96 - - - - -	80,552	66,116
1896-97 - - - - -	82,511	62,190
1897-98 - - - - -	92,310	68,173
1898-99 - - - - -	90,710	65,824
1899-1900 - - - - -	95,422	65,880
	<u>£441,505</u>	<u>£328,183</u>
	Excess paid in	£113,322

Year.	Trans-Indian Traffic.	
	Paid in. £	Drawn out. £
1895-96 - - - - -	29,827	35,568
1896-97 - - - - -	34,775	38,348
1897-98 - - - - -	26,473	38,296
1898-99 - - - - -	24,682	39,281
1899-1900 - - - - -	28,521	45,988
	<u>£144,278</u>	<u>£197,481</u>
	Excess drawn out	£53,203

Excess Paid in on Indian Traffic - - - - -	£113,322
„ Drawn out on Trans-Indian - - - - -	53,203
<i>Net Result</i> —Excess Paid in for Five Years - - - - -	<u>£60,119</u>

Or an average of about £12,000 a year.

## APPENDIX C.

Le groupe des Compagnies télégraphiques privées qui ont adhéré à la Convention, se compose au 31 Décembre 1900 ainsi qu'il suit :

- 1° Black Sea Telegraph Co.
- 2° Commercial Cable Co.
- 3° Compagnie allemande des câbles sous-marins.
- 4° Compagnie allemande des câbles transatlantique.
- 5° Compagnie française des câbles télégraphiques.
- 6° Direct Spanish Telegraph Co.
- 7° Direct West India Cable Co.
- 8° Eastern Telegraph Co.
- 9° Grande Compagnie des télégraphes du Nord (pour son réseau européen).
- 10° Halifax and Bermudas Cable Co.
- 11° Indo-European Telegraph Co.
- 12° South American Cable Co.
- 13° Spanish National Submarine Telegraph Co. (pour le câble de Ténériffe à St-Louis du Sénégal).
- 14° Télégraphes et Téléphones de la Plata.
- 15° West African Telegraph Co. (pour les câbles de St-Louis du Sénégal à Rio Nunez [Konakry], à Grand Bassam, à Porto Novo [Kotonou] et à Gabon et pour ceux atterrissant aux stations de Sierra Leone, Bathurst et Accra).
- 16° West India and Panama Telegraph Co.

Le deuxième groupe comprend les Compagnies qui, sans avoir officiellement fait acte d'adhésion à la Convention de St.-Petersbourg, se conforment cependant, d'une manière générale, aux dispositions du Règlement de service international et sont en correspondance régulière avec le Bureau international. Ce sont les suivantes :

- 1° African Direct Telegraph Co.
- 2° Amazon Telegraph Co.
- 3° American Telegraph and Cable (Western Union).
- 4° Anglo American Telegraph Co.
- 5° Central and South American Telegraph Co.
- 6° Direct United States Cable Co.
- 7° Eastern Extension Australasia and China Telegraph Co.
- 8° Eastern and South African Telegraph Co.
- 9° The Europe and Azores Telegraph Co.
- 10° The Pacific and European Telegraph Co.
- 11° West Coast of America Telegraph Co.
- 12° Western Telegraph Co.

Les Compagnies suivantes, qui forment le troisième groupe, ne correspondent généralement avec le Bureau international que par l'intermédiaire, d'une des Compagnies citées plus haut.

- 1° British North Borneo Co.
  - 2° Cuba Submarine Telegraph Co.
  - 3° India Rubber, Gutta-Percha and Telegraph Works.
  - 4° Mexican Telegraph Co.
  - 5° River Plate Telegraph Co.
  - 6° United States and Hayti Telegraph and Cable Co.
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## APPENDIX D.

## LIST of BRITISH POSSESSIONS not telegraphically connected with GREAT BRITAIN.

Amirantes Islands.  
Andaman Islands.  
British Honduras.  
British New Guinea.  
Chagos Islands.  
Christmas Island.  
Cook or Hervey Islands.  
Diego Garcia Island.  
Falkland Islands.  
Fanning Island } (will have communication by the Pacific Cable).  
Fiji Islands }  
Laccadive Islands.  
Labrador.  
Maldive Islands.  
Norfolk Island (will have communication by the Pacific Cable)  
Penrhyn Island.  
Pitcairn Island.  
Santa Cruz Islands.  
Socotra Island.  
Solomon Islands.  
Somaliland.  
Suwarrow Island.  
Tristan d'Acunha.  
West Indies :  
  Anguilla.  
  Barbuda.  
  Cayman.  
  Montserrat.  
  Nevis.  
  Tobago.  
  Virgin Islands.

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## APPENDIX E.

PRECIS OF AGREEMENTS now in force under which subsidies are paid to Telegraph Companies by the Imperial Government.

## ASSOCIATED COMPANIES.

## 1.—Agreement dated January 19th, 1886, for Construction of West African Lines.

Parties.—Treasury of the one part, Eastern Telegraph Company and Brazilian Submarine Telegraph Company of the other part.

Recitals.—Companies propose to construct and work a line—St. Vincent, St. Jago, Bathurst, Accra, Lagos, Niger Settlement.

Principal Provisions:—

Line to be properly constructed and submerged (Clause 1). Staff to be British subjects (Clause 1).

Cable to be capable of transmitting fourteen words a minute (Clause 2).

Companies may connect cable with other lines in St. Vincent and on African coast (Clause 4).

Imperial and Colonial Government messages to have priority and half rates (Clause 5).

Treasury may nominate official director (Clause 7). Treasury to pay subsidy of £19,000 a year for twenty years, payable quarterly (Clauses 8 and 9).

Subsidy to cease during interruption of line, three months for repairs being first allowed (Clause 10).

Maximum rates for public messages prescribed (Clause 11).

Brazilian Submarine Co. to give half rates to British Government messages over their line between Lisbon and St. Vincent (Clause 12).

Agreement not to be assigned or underlet without previous consent of Treasury in writing (Clause 13).

In case of war, rebellion or other emergency, Imperial Government may take possession, paying compensation for loss (Clause 14).

Disputes to be referred to arbitration (Clause 15).

Parliamentary Paper, H. of C., 4/1886.

## 2.—Agreement dated March 29th, 1893, for Construction of Zanzibar-Seychelles-Mauritius Line.

Parties.—Treasury of the one part, Eastern and South African Company of the other part.

Principal Provisions:—

Company to properly construct and lay a line:—Zanzibar—Seychelles—Mauritius; and to maintain and effectually work it during continuance of subsidy (Clause 1).

Cable to be capable of transmitting fifteen words a minute (Clause 1), and to be in accordance with specification and samples (Clause 12).

Staff to be British subjects (Clause 1).

Landing places to be approved (Clause 2).

Line to be connected with company's existing cables at Zanzibar (Clause 3).

Imperial, Indian, Mauritius, and Seychelles Government messages between certain specified places to have priority over all lines of company and of Eastern Company. Such messages to have half rates on lines of company (Clause 8).

Treasury to pay subsidies of £14,000 for twenty years for each section of line. Subsidy for Seychelles—Mauritius section to be payable so long only as Mauritius section is payable (Clause 6).

Subsidies to be payable quarterly and to cease during interruption, six months for repairs being first allowed (Clause 7).

Maximum rates to public prescribed (Clause 8).

In case of war, rebellion or other emergency, Imperial Government may take possession and work line by Government servants, paying compensation for loss (Clause 10).

Agreement not to be assigned or underlet without previous consent of Treasury (Clause 13).

Line to be worked under and subject to provisions of International Telegraph Convention (Clause 14).

Disputes to be referred to arbitration (Clause 15).

## 3.—Agreement dated July 10th, 1895, for Reduction of Rates on East African Lines.

Parties.—Treasury of the one part, Eastern and South African Telegraph Company of the other part.

The agreement is made supplemental to an agreement of 9th May, 1879, and to the agreement of 29th March, 1893, referred to above.

Recitals.—Company owns Durban—Delagoa Bay—Mozambique—Zanzibar—Aden line; Zanzibar—Mombasa line; and Zanzibar—Seychelles—Mauritius line, and connects at Aden with other companies' lines to Europe.

Government has proposed that certain specified rates shall be reduced.

Principal Provisions:—

Company to transmit or procure transmission of

- (a) Private and press telegrams between Europe and Zanzibar and Mombasa *via* Aden-Suez at maximum rates of 5s. and 1s. 6d. respectively, from April 1, 1895 (Clause 1).

- (b) Government telegrams between the United Kingdom and Zanzibar, Mombasa, Seychelles, Mauritius, Mozambique, and Delagoa Bay *via* Aden-Suez, at maximum rate of 2s. 6d., from January 1, 1895 (Clause 2).

Government to pay subsidy of £3,500 a year for 10 years from January 1, 1900 (Clause 3).

Subsidy to cease during interruption, six months for repairs being first allowed (Clause 5).

Company may reduce rates, but rate between United Kingdom and Zanzibar and Mombasa must not be higher than that between any other place in Europe and those stations (Clause 8).

Subject to Clause 2 rates to Government not to exceed out payments to other administrations *plus* half rate to public retained by Company and its associated companies (Clause 9).

## 4.—Agreement dated July 27th, 1901, with regard to African Lines.

Parties.—Treasury of the first part, Government of Cape Colony of the second part, Government of Natal of the third part, British South Africa Company of the fourth part, Eastern Telegraph Company and Eastern and South African Telegraph Company of the fifth part.

The agreement is made supplemental to four previous agreements, of which the last was made between the same parties and was dated July 9th, 1895.

Recitals.—Eastern and South African Company owns line Durban—Delagoa Bay—Mozambique—Zanzibar—

Aden; and line Cape Town—Mossamedes—Benguella—St. Paul do Loanda, which are connected with Eastern and other companies' lines to Europe.

All South African traffic is carried by lines of companies in connection with lines of other associated companies at specified rates.

Companies have agreed to lay a cable Porthcurno—Madeira—St. Vincent—Ascension—St. Helena—Cape Colony, with a spur Ascension—Sierra Leone, and to reduce rates.

Parliamentary Paper, H. of C., 293/1901.

## ASSOCIATED COMPANIES—continued.

## 4.—Agreement dated July 27th, 1901, with regard to African Lines—continued.

Said cable from Porthcurno to Cape Colony has been laid.

Principal Provisions:—

Cable to be maintained and worked so as to be capable of transmitting 100 letters a minute simplex. Power to Imperial Government to demand greater speed if necessary (Clause 1).

Maximum rates for Government, private and press telegrams specified (Clauses 2, 10, 12).

Contracting colonies to secure transmission of traffic from companies' terminal stations to specified places at specified rates (Clause 3).

Subsidies payable under principal agreements deemed to have determined on December 28, 1899. Contracting Governments to pay subsidy of £8,500 for 20 years from January 1, 1900, in following proportions:—

Treasury	-	-	-	-	£4,375
Cape Colony	-	-	-	-	£3,000
Natal	-	-	-	-	£825
British South Africa Company	-	-	-	-	£300

(Clause 4).

Subsidy to be payable quarterly (Clause 5), and to cease during simultaneous interruption of the four routes to South Africa, three months being first allowed for repairs (Clause 6).

Companies may reduce rates, but rates to the United Kingdom must not be higher than rates to any other place in Europe (Clause 9).

If total receipts (less outpayments to other administrations) of companies and other associated companies from South African traffic exceed £300,000 in any year companies to pay contracting Governments 17-27ths of half the excess, in proportion in which they contribute to subsidy, up to £8,500 (Clauses 11, 14).

Whenever total receipts (as above) average £300,000 for three consecutive years, rates to be reduced by 6d., until they reach 2s. 6d. a word (Clause 12). Contracting colonies to reduce terminal charges accordingly (Clause 13). Provision for accounts (Clause 15).

If within twenty years from August 16th, 1899, it shall be necessary to duplicate any of the existing South African cables, landing rights will be given in Cape Colony and Natal for the purpose. (Clause 17.)

On non-payment for twelve months of any instalment of subsidy, or of a sum payable by the late South African Republic under an agreement dated February 19th, 1895, companies may give three months' notice to terminate agreement, thirty-six months from July 27th, 1901 being first allowed in respect of the agreement of 1895 (Clause 18).

Any contracting Government may determine agreement so far as concerns itself at expiration of first ten years, on giving twelve months' notice in writing (Clause 19).

Agreement of July 9th, 1895, between same parties to be determined from December 28th, 1899 (Clause 20).

## 5.—Agreement dated June 22nd, 1901, for Construction of Ascension-Sierra Leone Line.

Parties.—Treasury of the one part, Eastern Telegraph Company of the other part.

Principal Provisions:—

Company to properly construct and lay a line, Ascension-Sierra Leone, and to effectually maintain and work it during continuance of subsidy (Clause 1).

Cable to be capable of transmitting 100 letters a minute (Clause 1).

Staff to be British subjects (Clause 1).

Landing places and route of cable from Sierra Leone to deep water of 1,000 fathoms to be approved (Clause 2).

Line to be connected with existing cables at Ascension and Sierra Leone (Clause 4).

Imperial and Colonial Government messages to have priority, and half rates (Clause 5).

Maximum rates to public prescribed (Clause 5).

Treasury to pay subsidy of £4,500 a year for twenty years (Clause 7).

Subsidy to be payable quarterly, and to cease during interruption, three months being first allowed for repairs (Clause 8).

Agreement not to be assigned or underlet, except to secure debentures, without previous written consent of Treasury (Clause 9).

Line to be worked under, and subject to, provisions of International Telegraph Convention (Clause 11).

Disputes to be referred to arbitration (Clause 12).

## 6.—Agreement dated April 2nd, 1901, for Construction of Chefoo-Wei-hai-Wei Line.

Parties.—Treasury of the one part, Eastern Extension, etc., Telegraph Company of the other part.

Recitals.—Government being desirous that cable should be laid with all possible despatch, connecting Shanghai with Wei-hai-wei and Taku, applied to company to lay cable for Government.

Chinese Government has since agreed (British Government consenting) with Company and Great Northern Telegraph Company for a line Taku—Chefoo—Shanghai, on the terms that the Chinese Government shall pay £210,000 by instalments over thirty years; that all agreements and concessions between the Chinese Government and either of the companies shall be extended to December 31st, 1930; and that the line shall be maintained and worked by companies at expense of Chinese Government.

The two companies have a Joint-Purse agreement for Chinese traffic.

The Great Northern Company have a concession from the Chinese Government of exclusive landing rights in China.

Company has already laid Chefoo—Wei-hai-wei cable, and has provided British staff.

Company has also laid Taku—Chefoo—Shanghai cable.

Principal Provisions:—

Company to carry out provisions of agreement with Chinese Government as to working and maintenance of Taku—Chefoo—Shanghai cable (Clause 1).

Company to procure, as far as practicable, transmission by British staff of traffic between Hong Kong, Shanghai, Chefoo, and Wei-hai-wei, and to report at once any

case in which such transmission has been found impracticable (Clause 2).

Company to maintain connection with Taku—Chefoo—Shanghai cable (Clause 3).

Company to work Chefoo—Wei-hai-wei cable for account of Government. Government may determine such working by three months' notice in writing (Clause 3).

Subject to priority and free transmission of Government messages, Company may use cable for private messages, and receipts shall belong to company (Clause 3).

While cable is worked on account of Government, company, on request of Government, to supply steamer and therewith endeavour to effect with all possible despatch, necessary repairs and renewals, Government paying £150 a day plus cost of cable used (Clause 4).

If cable interrupted for three months, working on account of Government may, by notice in writing, be immediately determined (Clause 4).

Government to pay £1,600, and also a subsidy of £4,000 a year, payable quarterly, so long as cable shall continue to be worked on account of Government (Clause 5).

In case of war, rebellion, or other emergency, Government may take possession of and work line by Government servants. No compensation (Clause 6).

Government to give protection against enemies, rebels, and pirates (Clause 7).

Government to endeavour to secure fulfilment by Chinese Government of provisions of recited agreements so far as they relate to working of Taku—Chefoo—Shanghai cable or to this agreement (Clause 8).

Disputes to be referred to arbitration (Clause 9).

Parliamentary Paper, H. of C., 254/1901.

Parliamentary Paper, H. of C., 151/1901.

## WEST INDIAN COMPANIES.

## 1.—Agreement, dated April 12th, 1889, for Construction of Halifax-Bermuda Line.

Parties.—Treasury of the one part, International Cable Co. (now the Halifax and Bermuda Cable Company) of the other part.

Recitals.—Company propose to lay and work line Halifax-Bermuda.

## Principal Provisions :—

Company to properly construct and lay cable (Clause 1).

Cable to be in accordance with specification and samples (Clause 1), and to be capable of transmitting 15 words a minute (Clause 3).

Staff to be British subjects (Clause 1).

Landing places to be approved (Clause 2).

Company to arrange for prompt transfer of messages to and from, an Atlantic company having stations at Halifax, land lines at Halifax, and any other cable that may be laid to Bermuda (Clause 5).

Imperial and Colonial Government messages to have priority and half rates (Clause 6).

Treasury to pay subsidy of £8,100 a year for 20 years (Clause 8).

Subsidy payable quarterly. Deduction to be made in case of interruption (three months being first allowed for repair) or failure to maintain service between Bermuda and United Kingdom under Clause 5. In case of

interruption for six months subsidy ceases, and Government may take possession of, repair, and work line for unexpired residue of 20 years, company having right to resume possession on payment of cost of repair and working, and to receive subsidy thenceforward. In case of Government so remaining in possession till end of 20 years, company may resume possession on payment of excess of cost, restoration, and working over amount recovered in respect of security mentioned in Clause 15, company being allowed to set off proportionate part of subsidy in respect of period between restoration and end of term (Clause 10).

Company not to assign or underlet without previous consent of Treasury (Clause 11).

In case of war, rebellion, or other emergency, Government may take possession of and work line by Government servants, paying compensation for loss (Clause 12).

Company to satisfy Treasury within one month that £100,000 capital has been paid up, and that £80,000 has been allocated to construction of line (Clause 14).

Company to deposit within one month £15,000 as security for performance of Clauses 4, 5, and 10 of agreement (Clause 15).

Line to be worked under and subject to provisions of International Telegraph Convention (Clause 16).

Disputes to be referred to arbitration (Clause 17).

Parliamentary Paper, H. of C., 201/1898.

## 2.—Agreement dated August 2nd, 1897, for Construction of Bermuda-Jamaica Line.

Parties.—Treasury of the one part; Halifax and Bermuda Cable Company (now Direct West India Cable Company) of the other part.

Recital.—Company propose to lay and work line, Bermuda—Turk's Island—Jamaica.

## Principal Provisions :—

Line to be properly constructed and laid by company or contractor approved by Treasury, and to be in accordance with specification and samples (Clause 1).

No contractor to be approved unless Fair Wages Resolution of House of Commons embodied in contract (Clause 1).

Staff to be British subjects (Clause 1).

Landing places to be approved (Clause 2).

Company to make arrangements for transfer of messages at Bermuda and Jamaica, and for carriage between Halifax and United Kingdom of Imperial and Colonial Government messages to or from the West Indies by Direct United States Cable Company or other British company (Clause 4).

Cable to be capable of transmitting 15 words a minute (Clause 4).

Imperial and Colonial Government messages to have priority and half rates (Clause 5).

Rates to public between United Kingdom and Jamaica not to exceed 3s. a word; other rates to be approved by Treasury (Clause 5).

Treasury to pay subsidy of £8,000 a year for 20 years (Clause 7).

Subsidy payable quarterly (Clause 8). Deduction to be made for interruption (three months being first allowed for repairs), or failure to maintain service between United Kingdom and West Indies. In case of interruption for six months subsidy ceases, and Government may take possession of, repair, and work line for unexpired residue of 20 years, company having right to resume possession on payment of cost of repair and working, and to receive subsidy thenceforward. If Government shall so remain in possession at expiration of 20 years company not to resume possession until payment of cost of restoration and working, but may set off a proportionate part of subsidy in respect of period between restoration of line and expiration of 20 years (Clause 9).

Company not to assign or underlet without previous consent of Treasury (Clause 10).

In case of war, rebellion, or other emergency, Government may take possession of and work line by Government servants, paying compensation for loss (Clause 11).

Company to satisfy Treasury that £15,000 capital has been exclusively allocated to cost of repairing line or to give security (Clause 14).

Line to be worked under and subject to provisions of International Telegraph Convention (Clause 15).

Disputes to be referred to arbitration (Clause 16).

Parliamentary Paper, H. of C., 383/1897.



## APPENDIX F.

MEMORANDUM regarding the Associated Submarine Telegraph Companies, containing information as to their formation and development, and setting forth their policy.

## Past History.

The first attempt to establish submarine telegraphy to the East was made in 1859, by means of cables down the Red Sea and along the coast of Arabia to Karachi. These cables were laid under an unconditional guarantee from the British Government of 4½ per cent. per annum on the whole capital of £800,000, for a period of 50 years. The cables worked over their entire length for a few days only, and were afterwards abandoned. The guarantee was paid for some years, and subsequently converted into terminable annuities, which expire in 1908.

The existing Associated Telegraph Companies were not connected with this enterprise, nor have they ever had any interest in the guarantee.

In 1868-1869 the question of submarine telegraph communication with the Far East was again considered, and the seven original Companies having been formed a successful start was made.

The seven original companies were:—

The Anglo-Mediterranean.  
The Marseilles, Algiers, and Malta.  
The Falmouth, Gibraltar, and Malta.  
The British Indian Submarine.

The British Indian Extension.  
The British Australian.  
The China Submarine.

In 1872-1873 these companies were merged into the two existing companies,

The Eastern Telegraph Company  
and  
The Eastern Extension, Australasia, and China  
Telegraph Company,

The first four companies forming the Eastern Company, and the three latter forming the Extension Company.

In 1873 the whole submarine telegraph system between Great Britain, India, China, and the Australian Colonies was completed and in working order; but most of the connections consisted only of a single line of cable. At that date the total length of cables belonging to the Associated Companies was 13,748 nautical miles, in addition to which the companies owned 937 miles of land-lines and three cable-repairing ships.

The main line of cables having been successfully established, communication was gradually extended to other important places in the Eastern Hemisphere. South America and South Africa were subsequently connected with the main line by companies closely associated with the Eastern Company.

Many offshoots have gradually developed from the main trunk line.

Communication with India was established by land line about 1865, by means of the Turkish Government lines to Fao, from which place the Indian Government laid cables to Karachi, touching at Bushire, Jask, and Gwadur. Later on communication was also established *via* Persia by the Indian Government erecting and working a land line of their own between Teheran and Bushire. At Teheran a connection was made with the lines of the Indo-European Telegraph Company, which company had, under a special concession, erected overhead telegraphs through Russia, and they had also obtained a concession, for leased lines, from the German Government. In 1870, however, the four companies which were afterwards merged into the Eastern Company laid direct submarine cables between Great Britain and Bombay, and the Imperial Government were enabled to communicate direct with their Eastern Possessions without being dependent on land-line routes through Turkey or Russia, both of which routes would be seriously jeopardised in the event of war.

From 1870 to 1877, the Indian and trans-Indian traffic had not developed sufficiently to support two independent companies competing with one another between India and Europe, the result being that the Indo-European Company paid no dividends in the first years of their existence. In 1877 the line of the Indo-European Company was interrupted for some months owing to the Russo-Turkish War, and in September of the same year a Joint-Purse agreement between the Eastern and Indo-European Companies came into operation, on the basis that the shareholders of the Indo-European Company should receive a dividend of 5 per cent. The Eastern Company thus obtained an alternative route and secured the maintenance of the Teheran route, in which the Indian Government were interested. A few months after this agreement had been concluded the Indian Government line between Teheran and Karachi was also included in this arrangement.

The satisfactory establishment and appreciation of submarine telegraphy entirely altered the method of conducting the trade of the world. Governments, merchants, and the Press found it indispensable, and relied upon it for rapid communication. In consequence traffic developed, and the companies, recognising the necessity for greater security against interruptions, immediately commenced to duplicate their cable systems throughout, and, as traffic increased, triplicate and even quadruplicate cables were laid over certain sections.

A quadruplicate connection between Malta and Alexandria is formed by an alternative route, *via* Zante and Crete.

In 1877 the duplication of the main line between Great Britain and India was completed by the laying of duplicate cables between Suez and Bombay, *via* Aden, since which date submarine communication between Great Britain and India has never been totally interrupted, except on one occasion, when the land lines in Egypt were cut during the rebellion in 1882.

Before the Australasian traffic had sufficiently developed to warrant the Eastern Extension Company undertaking the responsibility of laying duplicate cables unaided, certain of the Colonies, recognising this fact, as well as the advantage of greater security of communication, assisted that company by granting a subsidy of £32,400 per annum for twenty years, which subsidy expired in October, 1899. With this exception, the whole of these duplicate, triplicate, and quadruplicate cables, necessitating an expenditure of 35,789 nautical miles of cable, have been laid by the Associated Companies without financial support from the Government.

The communication with the East was further strengthened and improved by the leasing of a line between London and Marseilles, *via* Paris. The principal portion of the traffic between Great Britain and the Far East passed over this line for twenty years. Owing to altered circumstances, it was arranged to give 12 months notice to terminate the agreement with the British and French Governments, and in the meantime new cables were laid between Great Britain and Gibraltar direct, and thence to Malta, involving an expenditure of £306,000. This triplicate line was at the same time extended from Malta to Egypt, at an additional expenditure of £136,000.

When the countries of Europe commenced to connect their land-line telegraph systems with one another, for the purpose of transmitting international correspondence, Great Britain subsidised submarine cables between Sardinia and Malta, Malta and Sicily, Sicily and the Kingdom of Naples, and later on controlled the cables between Malta and Egypt, *via* Tripoli and the North Coast of Africa.

All these cables proved more or less failures, and for many years have ceased working. A second cable, however, was laid between Malta and Sicily in 1889 which is still working.

The main line of the Associated Companies having been established, Continental Governments began to take advantage of its existence by granting concessions for connecting it with their own telegraph systems.

**France.** A concession was granted by the French Government in 1870, whereby Marseilles was connected with the main line at Malta, *via* Bona.

**Italy** Italy, by means of the Sicily—Malta cable, was already connected with the main line, but this connection was in 1874 strengthened by new cables between Italy and Egypt, *via* Zante and Crete.

**Greece.** The Associated Companies in 1872 took over a number of short cables in the Levant, and by means of a cable between Crete and Alexandria connected Greece and Turkey with their system.

**Spain.** Spain was connected with the main line in 1873 by means of duplicate cables between Great Britain and Portugal landing at Vigo.

**Austria.** Austria was brought into communication with the main line in 1882 by means of a cable between Trieste and Corfu.

**Germany.** Germany, which was the only country of importance in Europe not connected with the system of the Associated Companies, was connected in 1896 by means of the Emden-Vigo cable.

**Great Britain.** Owing to the political situation in 1878, it was deemed necessary for the British Government to have cable communication direct with Constantinople, and the Eastern Company laid cables between Syra and Crete, and also between Smyrna, Tenedos, Besika Bay, Constantinople, and Salonica. These cables were partly paid for by the British Government; but after the termination of the strained situation the Eastern Company took over, worked, and maintained these lines, which have ever since been a source of expense without being any material benefit to the company.

**Cyprus.** At the request of the British Government, the company, the same year, laid a cable between Cyprus and Alexandria, and erected land lines in the Island of Cyprus at a total cost of £73,000. Although this system has been of service to the Government, it has been unremunerative to the Eastern Company, the revenue barely meeting expenses.

**Egypt.** Owing to the Egyptian rebellion in 1882, the land lines in Egypt were interrupted. The company immediately proceeded to lay a cable between Alexandria and Port Said, and also to erect new land lines by the side of the Suez Canal, with the object of avoiding interruptions which might occur from the unsettled condition of affairs in the interior of Egypt, the Suez Canal being considered neutral property. This new line cost the company £35,303; besides an annual payment of £1,000 to the Suez Canal Company.

During the bombardment of Alexandria, the British Government were able to maintain communication with their fleet owing to the Eastern Company having taken the Alexandria ends of their cables on board one of their cable-repairing ships anchored outside that port; so that the Admiralty were in constant communication with the fleet, not only during the actual bombardment, but during the days of anxiety before and after that event.

**South Africa.** South Africa was connected in 1879 by means of cables between Aden and Durban, touching at Zanzibar, Mozambique, and Delagoa Bay, under subsidies granted for 20 years by the following Governments, on condition that their telegraphic correspondence should be transmitted at half rates over the subsidised sections:—

British Government	-	-	£35,000
Government of Cape Colony	-	-	15,000
Government of Natal	-	-	5,000
Portuguese Government	-	-	5,000
Total	-	-	£60,000

At that time it would have been impossible to have obtained from the public the capital required for this undertaking without some material assistance from the Governments interested.

Owing to the Zulu War, the British Government were desirous of having telegraphic communication established as soon as possible, and the cables were laid within six months after the agreement was signed. The dispatch with which this undertaking was carried out was only made possible by the close association of the companies, the Eastern Extension Company giving up part of the cable which had been manufactured for the duplication of their Australian line.

In 1880, in order to provide duplicate submarine communication with South Africa, the Eastern and South

African Company arranged to connect Loanda with Capetown, at a cost of £300,000, and to provide for the carrying of South African traffic by the West Coast between Loanda and Europe, by paying the companies working the lines between Loanda and Europe 20 per cent. of the revenue derived from South African traffic.

#### Recent Negotiations.

In order to still further strengthen the communication between South Africa and Europe, the Eastern Company have recently laid new cables of high speed between St. Vincent and Capetown, touching at the hitherto unconnected British possessions of Ascension and St. Helena. Soon after this cable was arranged to be laid, the British Government, owing to the war in South Africa, were anxious to have it completed, and by arrangement with the Western Telegraph Company all the work on that company's cables was stopped, and the manufacturing company was authorised to use the material purchased for the manufacture of that company's cables for the new South African cable, whereby it was opened for traffic at least two months earlier than would otherwise have been the case.

In laying the third cable to South Africa, the companies incurred a liability of nearly £900,000 for the cables between Capetown and St. Vincent, and the cables were laid at a time when it was vital to have additional communication with South Africa.

The companies desiring to complete the third cable by connecting St. Vincent with England, found themselves denied landing rights in the latter country unless a strategic cable was laid between Sierra Leone and Ascension free of cost to the Government. The practical result of this onerous condition would have been to levy a tax upon the companies of £150,000 for the right of landing a cable in Great Britain. The cable between Ascension and Sierra Leone has now been laid, the Government having granted a subsidy of £4,500 for 20 years. The connection between England and St. Vincent has also been established at a cost of £500,000.

In addition to the above cables, the Associated Companies have connected South Africa with Australia by direct cable, thus providing additional security to telegraphic communication with Mauritius, and connecting the British possessions of Rodrigues and the Cocos Islands.

The cost of the direct connection between South Africa and Australia was about £1,750,000, making, with the expenditure on the Great Britain—South African connection a total of £3,150,000.

These cables will not tap any fresh source of revenue, and are only intended to secure communication for traffic already carried by the existing lines.

Canada is, at the present time, protesting against the companies being permitted to exchange telegrams direct with the public in Australia, but in Canada practically the whole of the telegraph system is in the hands of private telegraph companies, who have perfect freedom in all dealings with the public.

In Great Britain, private telegraph companies have the right to deal direct with the public for all international telegrams.

In Australia, all dealings with the public are performed by Government officials, and not by the companies.

The companies have to face competition from proposed Government-owned cables across the Pacific, and unless they have their own public offices in Australia, they will have a Government competitor having the whole collecting and delivering power in its own hands.

In order that the public and the companies may enjoy exactly the same conditions in Australasia as in Great Britain and Canada, the Australian Colonies have been asked to grant the companies the right of dealing direct with the public, but only when a competing cable is open for traffic.

The companies endeavoured to arrange the landing of the cable between Germany and North America on British territory in Cornwall, but, in consequence of the British Government refusing landing rights, Germany obtained submarine telegraph communication with North America without touching on British soil.

While keeping in view the commercial character of the companies and the need of earning a fair return on the capital invested, the policy of judicious reduction of cable rates is being followed by the companies.

The charge has been frequently made against these companies that the amount distributed by way of dividend and the accumulation of our reserves are excessive, but considering the perishable nature of cables and the somewhat risky character of all submarine telegraph

undertakings, the amount distributed by way of dividend cannot fairly be held to be unreasonable.

To properly appreciate the financial position of these companies the net return on the total capital must be considered.

With regard to the amount of our reserve funds, it is held by those responsible for the management, that the business of submarine telegraphy can only be successfully conducted by adequate provision being made for depreciation, so that cables can be renewed as they wear out, and that additional cables can be laid as required without creating heavy additions to the capital account. The management is of opinion that it is only by consistently adhering to this policy that further and more important tariff reductions can be made.

The reduction of rates and increased cable capacity are so closely connected, that, considering the enormous capital outlay involved in laying new cables, the reduc-

tion of rates must of necessity be somewhat slow, and should be conducted with the utmost caution, as it may take years for the traffic to develop sufficiently to give a fair return on the additional expenditure.

Whenever traffic has shown evident signs of expansion, warranting a reduction being made, the companies have always been willing to consider the question, and they have made a formal proposition whereby, under certain conditions, the control of the tariffs would be given to the Imperial Government.

The prosperity of the companies is the result of careful and judicious management, and it is only of late years that a financial position has been arrived at which makes it possible for them to undertake the heavy responsibility of laying new cables in view of further and more important reductions of rates.

J. DENISON-PENDER,

Managing Director, Eastern Telegraph Company.

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## APPENDIX G.

## I.—THE EASTERN TELEGRAPH COMPANY, LIMITED.

## CAPITAL AND DIVIDENDS.

Year ended 31st March.	Ordinary Capital.		Preference Capital.		Debenture and Mortgage Debenture Capital.					
	Amount.	Rate of Dividend, including Bonus.	Amount.	Rate of Dividend.	Amount.	Rate of Interest.	Amount.	Rate of Interest.	Amount.	Rate of Interest.
	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.	£	Per Cent.
At amalgamation.	3,397,000*	—	—	—	—	—	—	—	—	—
1873	3,532,615	7	—	—	—	—	—	—	—	—
1874	3,696,865	6	—	—	200,000	6	—	—	—	—
1875	3,697,000	5	—	—	200,000	6	—	—	—	—
1876	3,697,000	6	113,323	6	232,000	6	—	—	—	—
1877	3,697,000	5	699,574	6	232,000	6	—	—	—	—
1878	3,697,000	5	700,000	6	232,000	6	200,000	5	—	—
1879	3,697,000	5	700,000	6	232,000	6	408,550	5	—	—
1880	3,792,000	5	700,000	6	232,000	6	650,000	5	—	—
1881	3,793,000	5½	700,000	6	232,000	6	650,000	5	—	—
1882	3,800,000	5½	700,000	6	232,000	6	650,000	5	—	—
1883	3,800,000	6	700,000	6	232,000	6	650,000	5	—	—
					Redeemed 15 Oct. 1883.					
1884	3,800,000	6	700,000	6	—	—	650,000	5	407,859	4
1885	3,800,000	6	700,000	6	—	—	650,000	5	597,100	4
1886	3,800,000	6	700,000	6	—	—	650,000	5	647,022	4
1887	3,800,000	5½	700,000	6	—	—	650,000	5	675,000	4
1888	3,800,000	6	700,000	6	—	—	200,000‡	5	1,200,000	4
1889	4,000,000	6½	700,000	6	—	—	200,000	5	1,200,000	4
1890	4,000,000	6½	700,000	6	—	—	200,000	5	1,200,000	4
1891	4,000,000	6½	700,000	6	—	—	200,000	5	1,200,000	4
1892	4,000,000	6½	700,000	6	—	—	200,000	5	1,200,000	4
1893	4,000,000	6½	700,000	6	—	—	104,100§	5	1,295,890	4
1894	4,000,000	6½	700,000	6	—	—	103,000§	5	1,296,980	4
1895	4,000,000	6½	700,000	6	—	—	98,200§	5	1,301,490	4
1896	4,000,000	6½	700,000	6	—	—	95,000§	5	1,414,232	4
1897	4,000,000	6½	700,000	6	—	—	93,900§	5	1,428,794	4
1898	4,000,000	7	700,000	6	—	—	89,600§	5	1,432,268	4
1899	4,000,000	7	1,795,288†	3½	—	—	89,600	5	1,432,268	4
							Redeemed 1 Aug. 1899.			
1900	4,000,000	7	1,829,830	3½	—	—	—	—	1,432,268	4
1901	4,000,000	7	1,883,188	3½	—	—	—	—	1,432,268	4

\* At the amalgamation of the Anglo-Mediterranean, Falmouth-Gibraltar, British Indian Submarine, and Marseilles-Algiers Telegraph Companies, forming the Eastern Telegraph Company, the amount of capital represented by bonus shares (that is, shares issued to shareholders in excess of their holdings in the original companies) was 957,000. This figure is included in the Ordinary Capital. As against this it should be observed that those Shareholders of the British Indian Submarine Company who had been Proprietors of the Telegraph to India Company realised a loss of £62,000 upon the transference of their interest in the latter Company to the British Indian Submarine Company. As will be seen from the Statement of Reserve Funds at next page, column 8, the cost of duplicate and triplicate cables and other plant has been charged to General Reserve Fund instead of Capital Account, and is considerably in excess of the Bonus Capital.

† £595,000 3½ Per Cent. Preference Stock was issued as premium on conversion of the 700,000. 6 Per Cent. Preference Shares into 1,295,000. 3½ Per Cent. Preference Stock, in accordance with the Eastern Telegraph Company's Act of 1899.

‡ Redemption of 450,000. 5 Per Cent. Debenture Stock (1878-1879 issue) 1st August 1887.

§ Conversion of part of 5 Per Cent. Debentures into 4 Per Cent. Mortgage Debenture Stock.

## APPENDIX G.—continued.

## RESERVE FUNDS.

Year ended 31st March.	Amount carried from Revenue to General Reserve Fund.	Amount carried from Revenue to Maintenance Ships Fund.	Amount carried from Revenue to other Reserve Funds.	Amount of General Reserve Fund.	Amount of Maintenance Ships Fund.	Amount of other Reserve Funds.	Total amount of Reserve Funds.	Amounts taken out of General Reserve Fund on account of Cables and other plant.	Details of Amounts taken out of General Reserve Fund.
	1.	2.	3.	4.	5.	6.	7.	8.	9.
	£	£	£	£	£	£	£	£	
At Amalgamation.	—	—	—	40,395	—	—	40,395	—	
1873	42,959	—	—	82,844	—	—	82,844	510	Special repairs to S.S. "Hawk."
1874	38,994	—	—	121,838	—	—	121,838	—	
1875	35,934	—	—	159,522	—	—	159,522	—	
1876	22,178	—	—	187,832	—	—	187,832	—	
1877	32,526	—	—	126,158	—	—	126,158	100,000	Duplicate Red Sea and Indian Ocean Cables.
1878	39,536	—	—	159,225	—	—	159,225	13,997	Renewal Lisbon-Gibraltar Cable.
1879	16,876	4,000	1,793	185,289	4,000	1,793	189,289	—	
1880	78,206	5,000	1,231	275,546	9,000	3,023	287,569	—	
1881	70,000	6,300	1,513	372,224	15,300	4,537	392,061	—	
1882	75,000	6,200	1,858	462,203	22,044	6,569	490,816	—	
1883	85,000	8,100	2,269	559,718	1,020	9,090	569,828	—	
1884	65,000	7,000	2,530	337,779	38	11,961	349,778	300,000	Triplicate Red Sea Cable.
1885	100,000	9,000	2,812	422,723	112	8,870	431,705	—	
1886	70,000	10,000	2,185	504,992	10,203	12,371	527,566	—	
1887	48,000	10,000	2,559	564,917	4,310	15,389	584,616	—	
1888	75,000	8,000	2,562	342,339	14,118	6,149	362,606	315,000	Triplicate Porthcown-Malta Cable, etc.
1889	118,000	10,000	3,184	500,240	17,836	9,581	527,457	13,466	Duplex apparatus, other plant, etc.
1890	125,000	10,000	3,640	606,999	31,512	12,584	651,095	25,882	Perim Obock, Levant Cables, etc.
1891	95,000	5,500	3,576	534,651	43,213	16,631	594,495	188,688	Quadruplicate Red Sea Cables, etc.
1892	68,000	8,000	3,744	442,014	49,871	10,955	511,840	177,883	Quadruplicate Red Sea Cables and Indian Ocean Cables, etc.
1893	88,000	6,245	3,369	447,643	58,970	24,025	530,638	82,586	Indian Ocean Cable, etc.
1894	110,000	8,092	3,480	468,605	53,214	28,364	550,183	88,822	" " "
1895	100,000	13,860	4,664	468,551	67,948	33,436	569,935	106,074	" " "
1896	175,000	20,000	24,958	563,296	91,627	59,627	714,550	120,530	" " "
1897	195,000	30,000	61,697	773,821	127,917	123,838	1,025,576	2,790	Automatic apparatus, etc.
1898	135,000	20,000	57,454	858,922	156,550	185,605	1,201,077	67,288	Vigo-Gibraltar Cable.
1899	170,000	20,000	28,713	913,553	150,337	218,831	1,282,721	135,774	Malta - Alexandria Cable.
1900	250,000	20,000	28,874	891,736	149,844	253,712	1,295,292	300,000	Cape Cable.
1901	455,000	20,000	15,370	853,792*	169,044	275,709	1,298,455	502,987	"
	2,979,209	265,297	264,015					2,542,277	

\* The General Reserve Fund of the Eastern Telegraph Company at 31st March 1901 was 856,792*l.* As will be seen from the last published accounts to 31st March 1901, page 8, there is a further liability for new cables of 1,063,719*l.*, which is at present held in suspense and will probably be charged later against reserve fund, or partly against reserve and partly against capital account as circumstances permit.

Interest accumulations, etc., are included in the figures appearing in cols. 4 and 7.

APPENDIX G.—*continued.*

## III.—THE EASTERN AND SOUTH AFRICAN TELEGRAPH COMPANY, LIMITED.

## CAPITAL AND DIVIDENDS.

Year ended 31st March.	Ordinary Capital.		Debenture Capital.			
	Amount.	Rate of Dividend.	Amount.	Rate of Interest.	Amount.	Rate of Interest.
	£	Per cent.		Per cent.		Per cent.
1882	400,000	10	550,000	5	—	—
1883	400,000	8	550,000	5	—	—
1884	400,000	8	550,000	5	—	—
1885	400,000	7	550,000	5	—	—
1886	400,000	6	441,300	5	—	—
1887	400,000	10	418,300	5	—	—
1888	400,000	12	394,800	5	—	—
1889	600,000	19½	369,500	5	100,800	4
1890	600,000	18	343,500	5	131,400	4
1891	600,000	10	315,400	5	273,800	4
1892	600,000	10	286,100	5	280,500	4
1893	600,000	8	255,500	5	300,000	4
1894	600,000	8	224,200	5	500,000	4
1895	600,000	8	191,400	5	500,000	4
1896	600,000	8	156,200	5	590,000	4
1897	600,000	8	120,300	5	500,000	4
1898	600,000	8	81,600	5	500,000	4
1899	600,000	6	41,900 Paid off at par by periodical drawings.	5	500,000	4
1900	600,000	6	—	—	500,000	4
1901	600,000	6	—	—	500,000	4

## APPENDIX G.—continued.

## RESERVE FUNDS.

Date.	Amount carried from Revenue to General Reserve Fund.	Amount carried from Revenue to Maintenance Ships Fund.	Amount carried from Revenue to other Reserve Funds.	Amount of General Reserve Fund.	Amount of Maintenance Ships Fund.	Amount of other Reserve Funds.	Total Amount of Reserve Funds.	Amount taken out of General Reserve Fund on account of Cables and other plant.	Details of Amounts taken out of General Reserve Fund.
	1.	2.	3.	4.	5.	6.	7.	8.	9.
	£	£	£	£	£	£	£	£	
From opening of line to 30 Sept. 1880	25,000	2,500	—	25,000	2,500	—	27,500	—	
Half-year ended 31 Mar. 1881	30,000	1,250	70	55,195	3,750	70	59,015	—	
Year ended 31 Mar. 1882	55,000	2,500	477	111,765	6,381	549	118,695	—	
1883	30,000	2,500	499	145,348	9,105	667	155,520	—	
1884	23,000	2,500	1,058	173,734	11,923	2,162	187,819	—	
1885	27,000	6,500	891	207,296	18,840	3,129	229,265	—	
1886	17,000	2,500	1,044	115,654	1,000	4,282	120,936	116,907	Duplicate Zanzibar-Mozambique Cable.
1887	30,000	5,000	946	149,440	3,035	5,379	157,853	—	
1888	50,000	5,600	738	203,665	8,141	6,304	218,110	—	
1889	65,000	5,000	918	274,504	13,426	7,443	295,373	—	
1890	55,000	5,000	1,188	313,833	25,851	8,891	348,575	22,012	Zanzibar-Bawi-Mombasa Cable.
1891	30,000	2,500	824	357,842	29,256	10,027	397,125	1,186	Building verandahs at Zanzibar, &c.
1892	5,000	—	866	373,213	28,280	11,243	412,736	3,268	Cable tanks, &c.
1893	14,000	—	1,189	399,299	5,166	12,825	417,290	1,387	Sea wall at Zanzibar, &c.
1894	35,000	3,000	1,307	387,773	9,641	14,581	411,995	60,731	Part cost of Zanzibar-Seychelles-Mauritius Cable, &c.
1895	80,000	15,398	3,058	478,954	18,172	18,082	515,208	335	Distilling apparatus at Mombasa, &c.
1896	130,000	9,176	12,015	622,052	26,276	30,524	678,852	92	House at Mombasa
1897	100,000	7,000	21,113	739,822	34,062	52,621	826,505	77	ditto.
1898	25,000	5,000	19,427	785,693	41,504	73,693	900,890	—	
1899	90,000	10,000	21,251	893,604	53,709	97,302	1,044,615	—	
1900	150,000	10,000	31,445	1,055,204	66,000	131,209	1,252,503	—	
1901	40,000	10,000	9,534	1,133,903	68,844	144,243	1,347,090	—	
£	1,106,000	112,324	129,858	—	—	—	—	205,995	

Interest accumulations, etc., are included in the figures given in cols. 4 and 7.



## APPENDIX G.—continued.

## IV—THE WEST AFRICAN TELEGRAPH COMPANY, LIMITED.

## CAPITAL AND DIVIDENDS.

Year ended 31st December	Ordinary Capital.	Rate of Dividend.	Debenture Capital.	Rate of Interest.
	£	Per cent.	£	Per cent.
1886	231,090	—	1/9/86 300,000	5
1887	231,090	1½	300,000	5
1888	231,090	2½	300,000	5
1889	231,090	5	290,900	5
1890	231,090	5	281,400	5
1891	231,090	4	271,400	5
1892	231,090	—	260,900	5
1893	231,090	—	249,900	5
1894	231,090	—	238,300	5
1895	231,090	4	226,200	5
1896	231,090	—	213,400	5
1897	231,090	—	200,000	5
1898	231,090	—	185,900	5
1899	231,090	—	171,100	5
1900	231,090	—	155,600	5

Paid off at Par by periodical drawings.

## RESERVE FUNDS.

Year ended ended 31st December	Amounts placed to Reserve Fund.	Balance of Reserve Fund.	Amounts withdrawn from Reserve Fund.	Remarks re Withdrawals.	
	1.	2.	3.	4.	
	£	£	£		
1886	—	—	—	—	
1887	10,000	1,021	8,979	Repairs to Cables, Landlines and Instruments.	
1888	5,000	3,074	2,947	Ditto. ditto.	
1889	16,146	19,713	—	—	
1890	6,016	26,428	—	—	
1891	3,305	30,604	—	—	
1892	—	31,510	—	—	
1893	—	21,776	10,741	Cable repairs.	
1894	9,391	32,904	—	—	
1895	15,000	48,353	—	—	
1896	9,000	58,106	—	—	
1897	—	27,110	32,415	Unpaid French Government Subsidy.	
1898	—	17,040	12,000	Ditto. ditto.	
1899	23,000	28,882	12,000	Ditto. ditto.	
1900	28,000	45,332	12,000	Ditto ditto.	
	£ 124,948	—	61,082		

Interest accumulations, etc., are included in the figures given in Column 2.

## APPENDIX G.—continued.

## THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY, LIMITED.

## CAPITAL AND DIVIDENDS.

Year ended 31st December	Ordinary Capital.		Debenture and Mortgage Debenture Capital.									
	Amount.	Rate of Dividend, including Bonus.	Debentures taken over from Amalgamated Companies.		Six per Cent. Debentures.		Five per Cent. Australian Subsidy Debentures.		Five per Cent. Manila Debentures.		Four per Cent. Mortgage Debenture Stock.	
			Amount.	Rate of Interest.	Amount.	Rate of Interest.	Amount.	Rate of Interest.	Amount.	Rate of Interest.	Amount.	Rate of Interest.
	£.	Per Cent.	£.	Per Cent.	£.	Per Cent.	£.	Per Cent.	£.	Per Cent.	£.	Per Cent.
At amalgamation.	1,997,500	-	18,100	-	-	-	-	-	-	-	-	-
1873	1,997,500	6½	18,100	6	-	-	-	-	-	-	-	-
1874	1,997,500	6½	7,900	6	-	-	-	-	-	-	-	-
1875	1,997,500	5½	5,900	6	248,960	6	-	-	-	-	-	-
			Paid off at par by annual drawings.									
1876	1,997,500	5	-	-	319,500	6	-	-	-	-	-	-
1877	1,997,500	5	-	-	320,000	6	-	-	-	-	-	-
1878	1,997,500	5	-	-	320,000	6	-	-	-	-	-	-
1879	1,997,500	5	-	-	320,000	6	577,900	5	-	-	-	-
1880	1,997,500	6	-	-	320,000	6	640,000	5	100,000	5	-	-
1881	1,997,500	6	-	-	320,000	6	640,000	5	100,000	5	-	-
1882	1,997,500	6½	-	-	320,000	6	640,000	5	100,000	5	-	-
1883	2,500,000	7	-	-	320,000	6	640,000	5	100,000	5	-	-
1884	2,500,000	7	-	-	320,000	6	549,100	5	100,000	5	-	-
1885	2,500,000	7	-	-	320,000	6	525,200	5	56,700	5	-	-
1886	2,500,000	6	-	-	320,000	6	500,100	5	48,600	5	-	-
1887	2,500,000	6½	-	-	320,000	6	473,700	5	35,700	5	-	-
1888	2,500,000	6½	-	-	320,000	6	446,100	5	24,400	5	-	-
1889	2,500,000	7	-	-	320,000	6	417,000	5	12,500	5	-	-
1890	2,500,000	7	-	-	320,000	6	386,500	5	Paid off at par by periodical drawings.		(101,247/10)	-
1891	2,500,000	7	-	-	Extinguished by Issuing Debenture Stock bearing Interest at Four per Cent.		354,500	5	-	-	320,000	4
1892	2,500,000	7	-	-	-	-	320,800	5	-	-	320,000	4
1893	2,500,000	7	-	-	-	-	285,500	5	-	-	320,000	4
1894	2,500,000	7	-	-	-	-	248,400	5	-	-	320,000	4
1895	2,500,000	7	-	-	-	-	209,500	5	-	-	320,000	4
1896	2,500,000	7	-	-	-	-	168,800	5	-	-	320,000	4
1897	2,500,000	7	-	-	-	-	125,700	5	-	-	320,000	4
1898	2,500,000	7	-	-	-	-	80,800	5	-	-	320,000	4
1899	2,500,000	7	-	-	-	-	33,300	5	Paid off at par by periodical drawings.		320,000	4
1900	2,876,100	7	-	-	-	-	-	-	-	-	320,000	4

The balance of 123,900£. was paid in 1901, making the Share Capital 3,000,000£. plus 320,000£. of Debenture Stock. At the amalgamation of the British Indian, China Submarine, and British Australian Telegraph Companies, forming the Eastern Extension Australasia and China Telegraph Company, Limited, the amount of Capital represented by Bonus Shares (i.e. Shares issued to the shareholders in excess of their holdings in the original companies), was 342,500£. This figure is included in the ordinary capital.

## APPENDIX G.—continued.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY,  
LIMITED.

## RESERVE FUNDS.

Year ended 31st December	Amount carried from Revenue to General Reserve Fund.	Amount carried from Revenue to Maintenance Ships' Fund.	Amount carried from Revenue to other Reserve Funds.	Amount of General Reserve Fund	Amount of Maintenance Ship's Fund	Amount of Marine and Fire Insurance and other Reserve Funds.	Total Amount of Reserve Funds.	Amounts taken out of General Reserve Fund on Account of Cables and other Plant	Explanation of Amounts taken out of General Reserve Fund.
	1.	2.	3.	4.	5.	6.	7.	8.	9.
	£.	£.	£.	£.	£.	£.	£.	£.	
At Amalgamation.	—	—	—	14,417	—	—	14,417	—	
1873 . . . .	27,137	—	—	41,554	—	—	41,554	—	
1874 . . . .	32,339	—	—	75,453	—	—	75,453	—	
1875 . . . .	40,338	—	—	117,916	—	—	117,916	—	
1876 . . . .	6,011	—	—	127,979	—	—	127,979	127,979	Part cost Bangoon-Penang Cable.
1877 . . . .	30,905	—	—	30,905	—	—	30,905	—	
1878 . . . .	44,112	—	—	75,017	—	—	75,017	—	
1879 . . . .	31,970	6,250	—	157,870	6,250	3,423	167,543	—	
1880 . . . .	9,179	6,500	—	217,203	13,140	5,299	235,707	16,073	Balance cost of Manila-Hong Kong Cable.
1881 . . . .	51,876	6,500	—	276,203	20,225	7,363	303,791	—	
1882 . . . .	64,311	6,500	—	361,034	27,497	9,093	398,524	—	
1883 . . . .	60,076	6,500	—	462,321	35,025	13,720	511,566	—	
1884 . . . .	33,376	6,500	—	510,649	42,313	17,535	571,022	—	
1885 . . . .	39,468	6,500	—	565,644	3,230	20,344	594,968	—	
1886 . . . .	38,550	8,220	—	599,440	9,333	24,756	604,032	53,245	Renewal of Penang-Singapore Cable.
1887 . . . .	53,051	7,500	—	620,095	17,961	29,039	667,095	22,759	Partial renewals Singapore-Saigon and Penang-Bangoon Cables.
1888 . . . .	66,101	7,000	—	690,455	25,656	34,737	750,898	18,937	Partial renewal Java-Australian Cables.
1889 . . . .	58,495	7,000	—	710,114	33,623	40,030	783,817	356,665	Cost of New Zealand Duplicate and part cost Western Australia and Madras Penang Original Renewal, &c.
1890 . . . .	25,007	7,000	—	455,239	41,872	45,760	562,861	25,563	Penang-Medan Cable, Hai-phong-Hong Kong Cable Renewal, &c.
1891 . . . .	111,037	7,000	—	523,342	41,401	52,773	523,105	176,239	Balance Cost Madras-Penang Duplicate and Hai-phong-Hong Kong Cable Renewal, &c.
1892 . . . .	75,843	7,000	—	599,733	50,017	60,075	619,825	31,233	Cost of Singapore-Penang Triplicate Cable, &c.
1893 . . . .	107,330	7,000	—	633,686	53,344	67,960	760,480	—	
1894 . . . .	39,036	7,000	—	641,633	67,933	75,965	785,546	100,000	Part cost Singapore-Labuan-Hong Kong Cable.
1895 . . . .	129,329	7,000	20,000	561,546	76,737	109,407	747,690	224,777	Balance cost Singapore-Labuan-Hong Kong Cable, &c.
1896 . . . .	150,000	7,000	30,000	729,193	35,711	150,797	965,701	Nil.	
1897 . . . .	132,444	7,000	—	803,633	94,911	163,933	1,062,511	79,619	Cost of Visayas Cables and alterations Singapore-Penang.
1898 . . . .	101,943	7,000	—	825,609	104,342	191,131	1,121,072	103,514	Taking Bolinas Cable into Manila, Banjoewangie, Darwin, 1889 partial renewal, &c.
1899 . . . .	136,553	7,000	10,000	967,531	112,060	221,961	1,301,602	63,902	Partial renewal Saigon, Hong Kong, &c.
1900 . . . .	241,431	7,000	5,000	1,248,395	121,923	247,710	1,618,028	63,902	Extension Manila Cable to Iloilo, and thence to Cebu, Part cost of Cape Australian Cable, &c.
£.	2,140,363	152,000	65,000					1,545,010	

The sum of 633,613£. is included in Column 4, for premium on new shares issued in 1883 and 1900, interest received on investments, profit on sale of investments and sundry small credits for picked up cable, &c. In addition to the total amount shown in Column 8, a sum of 369,136£. has been applied direct from revenue for cable duplications, renewals, &c., to 31st December 1900.

There was a further liability on the 31st December 1900 of 1,250,000£. in connection with the Cape Australian Cable of which it is proposed to charge 500,000£. against capital and the balance against reserve.

## APPENDIX G.—continued.

**THE WESTERN AND BRAZILIAN TELEGRAPH COMPANY, LIMITED.**  
 Incorporated 1873.  
 (Now merged with The Brazilian Submarine Telegraph Company, Limited, under the title of The Western  
 Telegraph Company, Limited.)

STATEMENT showing CAPITAL at the end of each FINANCIAL YEAR, and the RATE OF DIVIDEND and  
 INTEREST ON SAME.

YEAR ended	Share Capital.							Debenture Capital.						
	Ordinary.	Divi- dend per Share.	Preferred Ordinary.	Divi- dend per Share.	Deferred Ordinary.	Divi- dend per Share.	Net Dividend on Total Share Capital.	Class "A."	Rate of Interest.	Class "B."	Rate of Interest.	Class "C."	Rate of Interest.	
	Shares of 20l. each.													
30th Sept.	£.	s. d.	£.	s. d.	£.	s. d.	Per Cent.	£.	Per Cent.	£.	Per Cent.	£.	Per Cent.	
1874 - -	1,850,000	-	-	-	-	-	-	200,000	6	50,000	6			
1875 - -	1,898,200	10 -	-	-	-	-	2½	176,800	6	28,000	6			
1876 - -	1,898,200	-	-	-	-	-	-	200,000	6	50,000	6			
1877 - -	1,898,200	-	-	-	-	-	-	200,000	9	50,000	6	60,490	5	
1878 - -	1,898,200	-	-	-	-	-	-	200,000	6	50,000	6	41,200	5	
1879 - -	1,898,200	-	-	-	-	-	-	200,000	6	50,000	6	52,900	6	
1880 - -	1,898,200	-	-	-	-	-	-	200,000	6	250,000	6			
1881 - -	1,898,200	-	-	-	-	-	-	200,000	6	250,000	6			
1882 - -	1,898,200	9 -	-	-	-	-	3	200,000	6	250,000	6			
	*Shares of 15l. each.		† Shares of 7l. 10s.		† Shares of 7l. 10s.									
1883 - -	686,840	7 6	181,156	7 6	181,156	-	2½	200,000	6	250,000	6			
1884 - -	677,715	-	185,467	-	185,468	-	-	200,000	6	250,000	6			
1885 - -	677,715	8 8	185,467	8 8	185,468	-	2½	200,000	6	250,000	6			
15 months to 31st Dec.														
1886 - -	677,715	13 -	185,467	13 -	185,468	-	8½	200,000	6	250,000	6			
12 months to 31st Dec.														
1887 - -	677,715	12 9	185,467	10 7½	185,468	2 1½	4½	200,000	6	250,000	6			
1888 - -	1,002,435	15 -	185,467	7 6	185,468	7 6	5	200,000	6	250,000	6			
1889 - -	975,916	12 -	202,395	7 6	202,395	4 6	4	200,000	6	250,000	6			
1890 - -	962,970	15 -	209,047	7 6	209,048	7 6	5	195,000	6	243,800	6			
1891 - -	1,005,105	12 -	227,730	7 6	227,730	4 6	4	189,700	6	237,200	6			
1892 - -	933,630	7 6	243,467	7 6	243,468	-	2½	184,100	6	230,100	6			
1893 - -	963,630	7 6	243,467	7 6	243,468	-	2½	178,200	6	222,700	6			
1894 - -	963,720	9 -	243,467	7 6	243,468	1 6	3	171,900	6	214,800	6			
1895 - -	963,720	9 -	243,467	7 6	243,468	1 6	3	165,200	6	206,400	6			
1896 - -	963,855	6 -	243,467	6 -	243,468	-	2	158,100	6	197,600	6			
												Deben- ture Stock.		
1897 - -	964,035	9 9	243,467	9 -	243,468	- 9	3½	1,300	6	7,700	6	889,521	4	
1898 - -	964,035	9 -	243,467	7 6	243,468	1 6	3	1,300	6	6,500	6	889,731	4	
1899 - -	964,035	8 -	243,467	7 6	243,468	- 6	2½	1,300	6	6,100	6	889,731	4	

NOTES.—In 1876 certain Debentures of the "A" and "B" class were exchanged for like value of Ordinary Shares.  
 \* In 1883 the Ordinary Share Capital was reduced by 5l. per share (from 20l. to 15l.) and Ordinary Shares divided into  
 † Preferred and Deferred Ordinary Shares of 7l. 10s. each at the option of Shareholders.  
 Debentures Original Class "A" 200,000l. } Redeemed in 1880 and new Issues created in March of that year for 200,000l. and 250,000l. respectively.  
 Debentures Original Class "B" 50,000l. }  
 Debentures Class "C" commenced to be redeemed in year 1879 and withdrawn in 1880.  
 In 1890 the first drawings took place for redeeming the second Issue of "A" and "B" Debentures.  
 In 1888 power was obtained to increase the Share Capital to 1,500,000l. by the creation of 30,000 shares of 15l. each to rank *pari passu* with the  
 existing Ordinary Shares and most of these shares were issued to holders of shares in the London Platino-Brazilian Telegraph Company in exchange  
 for their shares in that Company at the proportion of three Western Ordinary of 15l. each for five Platino of 10l. each.  
 In 1891, 5,300 Ordinary Shares of 15l. each were issued, increasing the capital by 79,500l., in order to acquire the Monte Videan and Brazilian  
 Telegraph Company.  
 In 1897, for the purpose of re-organising the Company's Debenture Debt, the shareholders sanctioned the creation of 500,000l. four per cent.  
 Debenture Stock redeemable in 1907. The above stock was offered to the holders of outstanding six per cent. "A" and "B" Debentures at the  
 rate of 118l. Stock per "A" Debenture and 115l. Stock per "B" Debenture.  
 The actual fusion of the late Brazilian Submarine Telegraph Company, Limited, and the Western and Brazilian Telegraph Company, Limited,  
 took effect on the 1st January 1900.

## NOTES re CAPITAL.

In 1883 the Share Capital was reduced by 5l. per share (from 20l. to 15l.) resulting in a loss to the then existing shareholders of 319,550l.  
 Furthermore, the subsequent arrangements of joint working with the Brazilian Submarine Telegraph Company, Limited (now the Western Telegraph  
 Company, Limited) entailed a further loss to the Western and Brazilian Shareholders of 628,551l. as shares were exchanged in the following  
 proportions, viz. :—

Shares in the Western Company to be transferred to the Brazilian Company.	Shares in the Brazilian Company, fully paid, to be given in exchange.
6 Ordinary Shares 15l. each	5 Ordinary Shares, 10l. each.
6 Preferred Shares and	} 5 Ordinary Shares, 10l. each.
6 Deferred Shares of 7l. 10s. each	
18 Preferred Shares, 7l. 10s. each	10 Ordinary Shares, 10l. each.
18 Deferred Shares, 7l. 10s. each	5 Ordinary Shares, 10l. each.

The foregoing remarks show that the Western and Brazilian Shareholders suffered a total loss of 978,101l.  
 The unremunerative character of the property during the 26 years is proved by the fact that the average rate of Interest amounts to  
 per cent. per annum.

APPENDIX G.—*continued.*

## THE WESTERN AND BRAZILIAN TELEGRAPH COMPANY, LIMITED.

(Now merged with the Brazilian Submarine Telegraph Company, Limited, under the title of The Western Telegraph Company, Limited.)

STATEMENT showing CONTRIBUTIONS to the RESERVE FUND from REVENUE, the BALANCE of the FUND at the end of each FINANCIAL YEAR, also the amounts taken out of the RESERVE FUND in respect of NEW CABLES, &amp;c.

Year ended 30th September.	Amount carried from Revenue to Reserve Fund.	Amount of Reserve Fund.	Amount taken out of Reserve Fund on account of Cables and other Plant.	Details of Amounts taken out of Reserve Fund.
	1.	2.	3.	4.
	£.	£.	£.	
1876	25,273	25,272	—	—
1877	26,403	51,676	—	—
1878	3,284	23,940	31,000	Relaying of cables, repairs, &c.
1879	19,928	—	43,866	Towards meeting 47,833 <i>l.</i> cost of special repairs.
1880	3,967	—	3,967	Balance of above sum for special repairs.
1881	—	—	—	Cable used for renewal amounted to 22,033 <i>l.</i> , the whole of which was charged to revenue as there were no funds in reserve available.
1882	—	—	—	—
1883	12,000	146,910	8,007	Renewal of cables.
1884	16,699	131,014	36,623	Expended in replacing old type of cable.
1885	11,701	131,273	15,178	ditto - - ditto.
15 months to 31st December 1886.	14,111	135,501	15,433	ditto - - ditto.
12 months to 31st December 1887.	15,000	154,194	1,632	ditto - - ditto.
1888	14,500	172,250	1,793	ditto - - ditto.
1889	15,000	193,106	—	—
1890	27,500	223,506	3,056	Renewal of cables.
1891	40,000	75,701	21,949	ditto.
			177,363	Cost of duplicate cables between Pernambuco and Santos.
1892	29,000	11,195	4,305	Duplexing Pernambuco - Monte Video cable.
			85,856	Cost of duplicate cables between Santos and Chuy.
			3,794	Renewal of cables.
1893	17,000	22,315	3,731	ditto.
			2,150	Amount further expended on account of duplexing system.
1894	10,000	26,892	5,423	Renewal of cables, &c.
1895	8,000	17,052	3,839	ditto.
			13,101	Value of C.S. "Norseman," No. 1, written down for depreciation on sale.
1896	8,000	20,507	5,645	Renewal of cables.
1897	—	57,878	7,843	ditto.
1898	17,000	80,793	1,609	ditto.
Half year to 30th June 1899.	—	67,779	13,014	ditto.
	£.	334,345	510,175	
Less amount re-transferred to Revenue account in year 1897.	£.	2,500		
	£.	331,845		

NOTES.—Interest accumulations, &amp;c., are included in the figures appearing in Column 1.

In the year 1883 the sum of 138,400*l.* was recovered from the promoters and placed to the credit of the reserve fund. If this had not been done there would, on 30th June 1899, have been an actual deficit on this account of 70,621*l.*

Company in liquidation during December half year, 1899.

## APPENDIX G.—continued.

## THE BRAZILIAN SUBMARINE TELEGRAPH COMPANY, LIMITED.

STATEMENT showing CAPITAL at the end of each FINANCIAL YEAR (30th June),  
the RATE of DIVIDEND and INTEREST on same.

Year ended 30th June.	Ordinary Capital.		Debenture and Debenture Stock Capital.					
	Amount.	Rate of Dividend including Bonus.	First Issue Debenture Bonds.		Second Issue Debenture Bonds.		Debenture Stock.	
			Amount.	Rate of Interest.	Amount.	Rate of Interest.	Amount.	Rate of Interest.
	£.	Per cent.	£.	Per cent.	£.	Per cent.	£.	Per cent.
1875	1,300,000	5	—	—	—	—	—	—
1876	1,300,000	5	—	—	—	—	—	—
1877	1,300,000	5	—	—	—	—	—	—
1878	1,300,000	5	—	—	—	—	—	—
1879	1,300,000	5	—	—	—	—	—	—
1880	1,300,000	6	—	—	—	—	—	—
1881	1,300,000	7	—	—	—	—	—	—
1882	1,300,000	7	—	—	—	—	—	—
1883	1,300,000	6	—	—	—	—	—	—
1884	1,300,000	6	—	—	—	—	—	—
1885	1,300,000	6	150,000	5	—	—	—	—
1886	1,300,000	6	150,000	5	—	—	—	—
1887	1,300,000	7	150,000	5	75,000	5	—	—
1888	1,300,000	7	112,900	5	75,000	5	—	—
1889	1,300,000	7½	99,000	5	75,000	5	—	—
1890	1,300,000	7½	84,500	5	75,000	5	—	—
1891	1,300,000	8	69,200	5	75,000	5	—	—
1892	1,300,000	6½	53,200	5	75,000	5	—	—
1893	1,300,000	6½	36,400	5	75,000	5	—	—
1894	1,300,000	6½	18,700	5	75,000	5	—	—
1895	1,300,000	7	—	—	75,000	5	—	—
1896	1,300,000	7	—	—	75,000	5	—	—
1897	1,300,000	7	—	—	75,000	5	—	—
1898	1,300,000	7	—	—	75,000	5	—	—
1899	2,059,930	7	—	—	75,000	5	—	—
THE WESTERN TELEGRAPH COMPANY, LIMITED.								
1900	2,079,300	7	—	—	75,000	5	348,777	4
1901	2,079,300	7	—	—	75,000	5	354,577	4

NOTES.—40,000 Original Shares of 10*l.* each fully paid (= 400,000*l.*) issued to Contractors (Telegraph Construction and Maintenance Company) in part payment for Cable.

The Company's system was completed and opened for traffic on 23rd June 1874.

First issue of 150,000*l.* 5 per cent. Debentures, redeemed by annual drawings as under:—

In July 1887	£. 37,100
" " 1888	13,900
" " 1889	14,500
" " 1890	15,300
" " 1891	16,000
" " 1892	16,800
" " 1893	17,700
" " 1894	18,700
In all	£. 150,000

Second issue of 75,000*l.* 5 per cent. Debentures redeemable 30th June 1906.

In year 1898 authority was obtained to increase the Share Capital by 120,000 Ordinary Shares of 10*l.* each in order to meet the transfer of shares held by shareholders of the Western and Brazilian Telegraph Company, Limited, and the London Platino-Brazilian Telegraph Company, Limited, for shares in the Brazilian Submarine Telegraph Company, Limited, now the Western Telegraph Company, Limited, thus making the total authorised Share Capital 2,500,000*l.*

The actual fusion of the late Brazilian Submarine Telegraph Company and the Western and Brazilian Telegraph Company took effect as from the 1st January 1900.

Authorised 4 per cent. Debenture Stock Capital 400,000*l.* redeemable at 105*l.* per cent. on or any time after 30th June 1905 on three months' notice from the company.

The average rate of interest per annum over period of the above 27 years equals 6½ per cent.

## NOTE re CAPITAL.

If it had been necessary to pay interest on the existing capital, viz.,	£. 2,508,877
Plus the amount lost by the late shareholders of the Western and Brazilian Telegraph Company through the reconstruction, &c. of the Capital	978,101
(As per note attached to the Western and Brazilian Telegraph Company's Capital Statement).	

Together - - - £. 3,486,978

Only £4 13s. 9d. per cent., would have been paid for the last year under review, viz., 1901.

## APPENDIX G.—continued.

## THE BRAZILIAN SUBMARINE TELEGRAPH COMPANY, LIMITED.

STATEMENT showing CONTRIBUTIONS to RESERVE FUNDS from REVENUE, the BALANCE of the FUNDS at 30th June also the amounts taken out of the GENERAL RESERVE FUND each Year in respect of NEW CABLES, &c. —

Year ended 30th June	Amount carried from Revenue to General Reserve Fund.	Amount carried from Revenue to Maintenance Ships' Fund.	Amount of General Reserve Fund.	Amount of Maintenance Ships' Fund.	Total Amount of Reserve Funds.	Amounts taken out of General Reserve Fund on account of Cables and other Plant.	Details of Amounts taken out of General Reserve Fund.
	1.	2.	3.	4.	5.	6.	7.
	£.	£.	£.	£.	£.	£.	
1875 - -	40,000	—	40,000	—	40,000	—	
1876 - -	40,000	—	80,000	—	80,000	—	
1877 - -	40,000	—	120,000	—	120,000	—	
1878 - -	50,000	—	170,000	—	170,000	—	
1879 - -	50,000	—	227,437	—	227,437	—	
1880 - -	50,000	—	285,245	—	285,245	—	
1881 - -	50,000	—	345,349	—	345,349	—	
1882 - -	50,000	—	407,663	—	407,663	—	
1883 - -	50,000	—	370,941	—	370,941	99,008	Cost of duplicate cable between Lisbon and Madeira.
1884 - -	42,000	—	1,404	—	1,404	401,915	On account of duplicate cable between Madeira and St. Vincent, and St. Vincent and Pernambuco.
						28,204	Cost of renewal of St. Vincent-Pernambuco Cable.
1885 - -	29,000	—	30,404	—	30,404	—	
1886 - -	28,000	—	58,515	—	58,515	—	
1887 - -	50,000	—	112,700	—	112,700	—	
1888 - -	55,000	—	170,175	—	170,175	—	
1889 - -	85,000	—	259,660	—	259,660	—	
1890 - -	85,000	—	352,626	—	352,626	—	
1891 - -	110,000	—	474,878	—	474,878	—	
1892 - -	90,000	—	579,714	—	579,714	—	
1893 - -	42,000	—	638,675	—	638,675	—	
1894 - -	35,000	—	692,269	—	692,269	—	
1895 - -	50,000	—	761,997	—	761,997	—	
1896 - -	50,000	—	832,518	—	832,518	—	
1897 - -	30,000	—	883,677	—	883,677	—	
1898 - -	50,000	—	943,152	—	943,152	—	
1899 - -	50,000	—	1,015,852	—	1,015,852	—	
THE WESTERN TELEGRAPH COMPANY, LIMITED.							
1900 - -	95,000	—	865,078	—	865,078	267,606	Part cost of new cables.
						8,931	Part cost of instruments, &c. for duplex working.
1901 - -	135,000	4,000	744,690	4,000	748,690	260,421	Further cost of new cables.
						9,075	Further cost of instruments, &c. for duplex working.
£.	1,531,000	4,000			£.	1,075,160	

NOTE.—Interest accumulations, &c. are included in the figures appearing in Columns 3 and 5.



## APPENDIX G.—continued.

## THE AFRICAN DIRECT TELEGRAPH COMPANY, LIMITED.

(Incorporated under the Companies Acts, 1862 to 1883, on the 11th December 1885.)

STATEMENT showing CAPITAL at the end of each FINANCIAL YEAR (31st December), the RATE of DIVIDEND and INTEREST on same.

Year ended 31st December	Ordinary Capital.		Mortgage Debentures.			
	Amount.	Rate of Dividend.	First Issue.		Second Issue.	
			Amount.	Rate of Interest.	Amount.	Rate of Interest.
	£.	Per cent.	£.	Per cent.	£.	Per cent.
1886	225,000	nil	250,000	4	—	—
1887	236,000	nil	250,000	4	—	—
1888	236,000	nil	250,000	4	—	—
1889	236,000	2	250,000	4	—	—
1890	236,000	4	250,000	4	—	—
1891	236,000	4	250,000	4	—	—
1892	236,000	4	195,100	4	—	—
1893	236,000	4	184,500	4	42,000	4
1894	236,000	4	173,400	4	40,800	4
1895	236,000	4	161,900	4	39,200	4
1896	236,000	5	149,900	4	37,700	4
1897	236,000	5	137,400	4	36,100	4
1898	236,000	5	124,400	4	34,400	4
1899	236,000	5	110,900	4	32,700	4
1900	236,000	5	96,900	4	30,900	4

NOTES.—Authorised Share Capital 30,000 shares of 10*l.* each.Increase of 11,000*l.* in Share Capital in 1887 represents shares issued to the Telegraph Construction and Maintenance Company for extension of Cable from Brass to Bonny.

The Company's System was open for traffic on the 1st July 1886.

Subsidies are receivable by the Company—

From the British Government at 19,000*l.* per annum (subject to penalties) for a period of 20 years from the opening of the line to Brass on the 4th September 1886;

Also,

From the German Government at 6,700*l.* per annum (subject to penalties) for a period of 20 years from the opening of the line between Bonny and Cameroons on the 20th February 1893.

STATEMENT showing ANNUAL CONTRIBUTIONS to the RESERVE FUND from REVENUE, and the BALANCE of the FUND at 31st December.

Year ended 31st December	Amount carried from Revenue to Reserve Fund.	Amount of Reserve Fund.
	1.	2.
	£.	£.
1889	3,000	3,000
1890	8,000	11,062
1891	3,000	14,260
1892	9,000	23,679
1893	14,000	38,153
1894	10,000	49,168
1895	25,000	75,718
1896	25,000	102,063
1897	17,000	122,962
1898	14,000	140,309
1899	24,000	168,711
1900	42,000	215,682
	£. 194,000	

NOTES.—Interest accumulations, &amp;c. are included in the figures appearing in Column 2.

No charge has been made against the Reserve Fund up to the end of year 1900 in respect of new cables or other plant.

## APPENDIX G—continued.

## AFRICAN DIRECT AND WEST AFRICAN TELEGRAPH COMPANIES, LIMITED.

(Combined statement showing position of West Coast of Africa system as a whole.)

STATEMENT showing CAPITAL at the end of each FINANCIAL YEAR (31st December) and the RATE of DIVIDEND on same.

Year ended 31st December	Ordinary Capital.	Dividend per cent. on Ordinary Capital.	Debenture and Mortgage Debenture Capital.	Interest per cent. on Debenture Capital.
	£.		£.	
1886	456,090	—	*550,000	4.28
1887	467,090	0.74	550,000	4.55
1888	467,090	1.24	550,000	4.55
1889	467,090	3.48	540,900	4.54
1890	467,090	4.49	531,400	4.53
1891	467,090	4.00	521,400	4.52
1892	467,090	2.02	456,000	4.57
1893	467,090	2.02	476,400	4.52
1894	467,090	2.02	452,300	4.53
1895	467,090	4.00	427,300	4.53
1896	467,090	2.53	401,000	4.53
1897	467,090	2.53	373,500	4.54
1898	467,090	2.53	344,700	4.54
1899	467,090	2.53	314,700	4.54
1900	467,090	2.53	283,400	4.55

\* This figure includes 300,000*l.* upon which interest at the rate of 5 per cent. per annum was paid for four months only.

STATEMENT showing AMOUNTS placed to RESERVE FUND from REVENUE, AMOUNTS drawn from FUND, and BALANCE of the FUND at 31st December of each Year.

Year ended 31st December	Amounts placed to Reserve Fund.	Balance of Reserve Fund.	Amounts withdrawn from Reserve Fund.	Remarks re withdrawals.
	£.	£.	£.	
1886	—	—	—	
1887	10,000	1,021	8,979	} Repairs to cables, landlines and instruments.
1888	5,000	3,074	2,947	
1889	19,146	22,713	—	
1890	14,018	37,490	—	
1891	6,395	44,864	—	
1892	9,000	55,189	—	} Cable repairs.
1893	14,000	59,928	10,741	
1894	19,391	81,832	—	
1895	40,000	124,071	—	
1896	34,000	161,129	—	
1897	17,000	150,072	32,415	} Unpaid French Government Subsidy.
1898	14,000	157,549	12,000	
1899	47,000	197,593	12,000	
1900	70,000	261,014	12,000	

Interest accumulations, etc., are included in the figures given in Column 2.

## THE EUROPE AND AZORES TELEGRAPH COMPANY, LIMITED.

STATEMENT showing CAPITAL, DIVIDEND, and RESERVE FUND at the end of each FINANCIAL YEAR.

Year ended 30th September	Capital.	Dividend.	Amount carried to Reserve Fund.	Remarks.
	£.			
1894	167,000	—	—	Loss on Revenue Account - 586
1895	167,040	—	—	" " " - 1,003
1896	167,040	—	—	" " " - 1,061
1897	167,040	—	—	" " " - 456
1898	167,040	—	—	" " " - 363
1899	167,040	—	—	Profit on " " " - 564
1900	173,600	—	—	" " " - 1,062

## APPENDIX G—continued.

THE LONDON PLATINO-BRAZILIAN TELEGRAPH COMPANY, LIMITED.  
(Registered on the 4th March 1878.)

STATEMENT showing CAPITAL at the end of each FINANCIAL YEAR (31st December), and the rate of DIVIDEND and INTEREST on same.

Year ended 31st December.	Share Capital.		Debentures.			
	Amount.	Rate of Dividend.	First Issue.		Second Issue.	
			Amount.	Rate of Interest.	Amount.	Rate of Interest.
	£.	Per cent.	£.	Per cent.	£.	Per cent.
1879	375,480	2½	100,000	7	—	—
1880	375,480	2½	100,000	7	—	—
1881	375,480	2½	100,000	7	—	—
1882	375,480	2½	100,000	7	—	—
1883	375,480	2	100,000	7	—	—
1884	375,480	1½	—	—	100,000	6
1885	375,480	1	—	—	100,000	6
1886	375,480	3	—	—	100,000	6
1887	375,480	2½	—	—	100,000	6
1888	375,480	4	—	—	100,000	6
1889	375,480	4	—	—	100,000	6
1890	375,480	4½	—	—	100,000	6
1891	375,480	4	—	—	100,000	6
1892	375,480	2	—	—	100,000	6
1893	375,480	2½	—	—	100,000	6
1894	375,480	1½	—	—	100,000	6
1895	375,480	1½	—	—	100,000	6
1896	375,480	nil	—	—	100,000	6
1897	375,480	3	—	—	100,000	6
1898	375,480	3½	—	—	100,000	6
1899	375,480	3½	—	—	100,000	6
1900	375,480	3½	—	—	100,000	6

NOTES.—Authorised Share Capital 40,000 Shares of 10*l.* each.  
of which 2,452 remain unissued at present time.

37,548

The 7 per cent. Debenture Debt of 100,000*l.* became redeemable on the 1st March 1884, and was replaced by an issue of a similar amount of 6 per cent. Debentures of 100*l.* each, the principal being repayable on the 1st March 1904.

The Average Rate of Interest per annum over period of 22 years as above = 3.4 per cent.

## B.

STATEMENT showing CONTRIBUTIONS to the RESERVE FUND from REVENUE, and the BALANCE of the FUND at 31st December.

Year ended 31st December.	Amount carried from Revenue to Reserve Fund.	Amount of Reserve Fund.
	1.	2.
	£.	£.
1879	4,507	4,869
1880	1,200	7,072
1881	nil	6,714
1882	nil	7,152
1883	nil	7,994
1884	nil	8,669
1885	nil	9,268
1886	1,000	10,867
1887	1,000	12,468
1888	nil	12,660
1889	4,000	17,037
1890	6,000	23,601
1891	nil	26,991
1892	1,182	30,000
1893	1,000	31,872
1894	1,500	34,339
1895	1,500	36,938
1896	nil	38,036
1897	1,000	40,134
1898	6,539	47,925
1899	5,000	54,301
1900	14,500	70,377
	£. 50,928	—

NOTES.—Interest accumulations, &c. are included in the figures appearing in Column 2.

In 1879 the sum of 872*l.* was charged to the Reserve Fund, being amount of Dividends and Interest charged but not paid by Messrs. Grant Brothers (late agents to the Company in Europe) at the time of their bankruptcy.

In 1881 the sum of 1,000*l.* and in 1891 2,500*l.*, together 3,500*l.*, was transferred from Reserve to Revenue for purpose of Dividend, therefore the nett total amount transferred from Revenue to Reserve is 47,428*l.*, not 50,928 as appearing above.

The accumulated Reserve over period of 22 years amounts to 70,377*l.*, which is only equivalent to 14.8 per cent. on the Capital (475,480*l.*).

## APPENDIX G—continued.

## THE WEST COAST OF AMERICA TELEGRAPH COMPANY, LIMITED.

STATEMENT showing CAPITAL at the end of each FINANCIAL YEAR (31st December), the RATE of DIVIDEND and INTEREST on same.

Year ended 31st December	Ordinary Shares.		Preference Shares.		Guaranteed Debentures.		Debentures.		Income Bonds.	
	Amount.	Rate of Dividend.	Amount.	Rate of Dividend.	Amount.	Rate of Interest.	Amount.	Rate of Interest.	Amount.	Rate of Interest.
	£.	Per cent.	£.	Per cent.	£.	Per cent.	£.	Per cent.	£.	Per cent.
1876	300,000	nil	130,150	10	—	—	—	—	—	—
1877	300,000	1½	130,200	10	—	—	—	—	—	—
1878	300,000	nil	—	—	147,100	8	—	—	—	—
1879	300,000	nil	—	—	147,100	8	—	—	—	—
1880	300,000	nil	—	—	148,000	8	—	—	—	—
1881	300,000	nil	—	—	150,000	8	—	—	—	—
1882	300,000	nil	—	—	150,000	8	—	—	—	—
1883	300,000	4	—	—	150,000	8	—	—	—	—
1884	300,000	2	—	—	150,000	8	—	—	—	—
1885	300,000	3½	—	—	150,000	8	—	—	—	—
1886	300,000	2	—	—	150,000	8	—	—	—	—
1887	300,000	5	—	—	150,000	8	—	—	—	—
1888	300,000	6	—	—	150,000	8	—	—	—	—
1889	300,000	6	—	—	150,000	8	—	—	—	—
1890	300,000	2½	—	—	150,000	8	—	—	—	—
1891	300,000	nil	—	—	150,000	8	—	—	—	—
1892	300,000	nil	—	—	150,000	8	—	—	—	—
1893	300,000	nil	—	—	150,000	8	—	—	—	—
1894	300,000	nil	—	—	150,000	8	—	—	—	—
1895	300,000	nil	—	—	150,000	8	—	—	—	—
1896	300,000	nil	—	—	150,000	8	—	—	—	—
1897	112,500	nil	—	—	—	—	150,000	4	20,000	nil
1898	112,500	nil	—	—	—	—	150,000	4	20,000	nil
1899	112,520	nil	—	—	—	—	150,000	4	20,000	4
1900	112,520	nil	—	—	—	—	150,000	4	20,000	4

NOTES.—The original Company was formed in 1876. There have been two reconstructions, the new companies being registered on 29th December 1877 and on the 12th April 1897, respectively.

In 1896 the old Company was in liquidation, the new Company started on the 1st January 1897.

The authorised Share Capital of the present Company consists of 53,008 shares of 2*l.* 10*s.* each, or 132,520*l.*, of which 45,008 have been issued, or 112,520*l.*

The Debenture issue consists of 1,500 Debentures of 100*l.* each, or 150,000*l.*, bearing interest at 4 per cent.

The "Four Per Cent. Income Bonds" consist of 195 Bonds of 100*l.* each and 50 Bonds of 10*l.* each, or 20,000*l.* in all.

## NOTE re CAPITAL.

On reconstruction in 1897 the Share Capital was written down from 10*l.* to 2*l.* 10*s.* per share, involving a loss to the Shareholders of 225,000*l.*

## APPENDIX G—continued.

## THE WEST COAST OF AMERICA TELEGRAPH COMPANY, LIMITED.

STATEMENT showing ANNUAL CONTRIBUTIONS to the RESERVE FUND from REVENUE, the BALANCE of the FUND at 31st December, also the AMOUNT taken out of the RESERVE FUND each year in respect of PLANT.

Year ended 31st December	Amount carried from Revenue to Reserve Fund. 1.	Amount of Reserve Fund. 2.	Amount taken out of Reserve Fund on account of Plant. 3.	Details of Amounts taken out of Reserve Fund. 4.
	£.	£.	£.	
1876	5,000	5,000	—	—
1877	nil	5,000	—	—
1878	nil	5,000	—	—
1879	nil	5,000	—	—
1880	nil	5,000	—	—
1881	nil	nil	—	—
1882	nil	nil	—	—
1883	nil	nil	—	—
1884	10,000	10,000	—	—
1885	5,000	15,000	—	—
1886	5,000	20,000	—	—
1887	7,000	27,000	—	—
1888	12,000	39,000	—	—
1889	25,000	64,000	—	—
1890	16,000	80,000	—	—
1891	nil	80,000	—	—
1892	nil	69,712	—	—
1893	nil	53,175	—	—
1894	nil	42,775	—	—
1895	nil	40,797	1,978	Amount applied for new boiler for C.S. "Retriever."
1896	Company in Liquidation during year 1896.			
1897	nil	—	—	—
1898	nil	—	—	—
1899	nil	—	—	—
1900	nil	—	—	—
	£. 85,000		1,978	

## NOTES.

Interest accumulations, &c. are included in the figures appearing in Column 2.  
The following sums have been re-transferred from Reserve to Revenue, viz.:—In 1881, 5,000*l.*, and in 1893, 4,536*l.*, together 9,536*l.*, therefore the net total amount transferred from Revenue to Reserve is 75,464*l.*, not 85,000*l.* as appearing above.

Amounts have been applied from the fund for payment of Debenture interest, viz.:—

	£
In 1892	10,287
1893	12,000
1894	10,400
	£. 32,687

The existing Company (registered 12th April 1897) has no actual Reserve Fund, but investments valued at only 3,750*l.* were taken over from the old company in respect of the above balance shown on Reserve Fund.

## APPENDIX G—continued.

## THE PACIFIC AND EUROPEAN TELEGRAPH COMPANY, LIMITED.

(Incorporated under the Companies Acts, 1862 to 1890, on the 24th June 1892.)

STATEMENT showing CAPITAL at the end of each FINANCIAL YEAR (30th June), and the RATE of DIVIDEND and INTEREST on same.

Year ended 30th June.	Ordinary Capital.		Guaranteed Debentures.	
	Amount.	Rate of Dividend.	Amount.	Rate of Interest.
	£.	Per cent.	£.	Per cent.
1893 . . . . .	20,000	nil	100,000	4
1894 . . . . .	40,000	nil	100,000	4
1895 . . . . .	40,000	nil	100,000	4
1896 . . . . .	40,000	2	100,000	4
1897 . . . . .	40,000	3	100,000	4
1898 . . . . .	40,000	4	100,000	4
1899 . . . . .	40,000	4	100,000	4
1900 . . . . .	40,000	4	100,000	4

NOTES.—Authorized Share Capital 10,000 shares of 10*l.* each, or 100,000*l.*  
£. 2 per share called up to 30th June 1893=20,000*l.*  
£. 4 per share called up to 30th June 1894=40,000*l.*

STATEMENT showing CONTRIBUTIONS to the RESERVE FUND from REVENUE, and the BALANCE of the FUND at 30th June.

Year ended 30th June.	Amount carried from Revenue to Reserve Fund.	Amount of Reserve Fund.
	1.	2.
	£.	£.
1893 . . . . .	nil	nil
1894 . . . . .	nil	nil
1895 . . . . .	nil	nil
1896 . . . . .	2,000	2,000
1897 . . . . .	1,500	3,500
1898 . . . . .	1,500	5,000
1899 . . . . .	1,000	6,162
1900 . . . . .	600	6,979
	£. 6,600	

NOTES.—Interest accumulations, &c. are included in the figures appearing in Column 2.  
No charge has been made against the Reserve Fund up to the end of year 1900 in respect of new cables or other plant.

## APPENDIX H.

TABLE showing TOTAL SUMS paid by the IMPERIAL INDIAN and COLONIAL GOVERNMENTS to TELEGRAPH COMPANIES\* to 31st December 1900.

## ASSOCIATED COMPANIES.

NAME OF COMPANY.	Amount of Subsidy.	Commencement of Subsidy.	Total Payment to 31st December 1900.	Service for which Subsidy Granted.
Eastern Telegraph Company.	10,000 <i>l.</i> (Special grant by Imperial Government.)	1900	£. 10,000	To repay extra cost incurred by expediting construction of new cable to Cape Town.
		£.	10,000	
Eastern Extension &c., Telegraph Company.	(i.) Payments for 10 years at the rate of 1,000 <i>l.</i> , afterwards of 400 <i>l.</i> a year. (Straits Settlements.) (ii.) 32,400 <i>l.</i> per annum for 20 years. New South Wales. Victoria. South Australia. West Australia. Tasmania. (iii.) Guarantee of traffic revenue on Australian cables. New South Wales. Victoria. South Australia. West Australia. Tasmania. New Zealand. (iv.) Guarantee of traffic revenue on New Zealand cable. New South Wales. Victoria. South Australia. West Australia. Tasmania. New Zealand. (v.) 4,200 <i>l.</i> per annum for 20 years. New South Wales. Victoria. South Australia. West Australia. Tasmania.	1880-1898	13,600	For communication between Malacca and the main line.
		1879	648,000	For duplicating cables between Singapore and Australia.
		1892-1894	55,489	In consideration of reduction of rates.
		1892	48,500	In consideration of reduction of rates.
		1889	48,000	For cable to Tasmania.
			813,589	
Eastern and South African Telegraph Company.	(i.) 55,000 <i>l.</i> per annum for 20 years. Imperial Govern- £ ment - - - 35,000 Cape Colony - - 15,000 Natal - - - 5,000 (ii.) 8,500 <i>l.</i> per annum for 20 years. Imperial Govern- £ ment - - - 4,375 Cape Colony - - 2,000 Natal - - - 825 British South Africa Company - - 300 (iii.) 28,000 <i>l.</i> per annum for 20 years. Imperial Govern- £ ment - - - 10,000 India - - - 10,000 Mauritius - - - 7,000 Seychelles - - 1,000 (iv.) 3,500 <i>l.</i> per annum for 10 years. Imperial Government.	1879	1,100,000	For cables from Aden to Zanzibar and thence to Durban.
		1900	8,500	For reduction of rates on Company's three South African Cables and for other considerations.
		1893	196,825 (Covering period to 28th November, 1900.)	For cable from Zanzibar to Seychelles, and thence to Mauritius.
		1900	1,750 (Covering period to 30th June, 1900.)	For cables from Zanzibar to Seychelles and Mauritius and to Mozambique and Delagoa Bay.
			1,307,075	
African Direct Telegraph Company.	19,000 <i>l.</i> per annum for 20 years. Imperial Govern- £ ment - - - 14,000 Gambia - - - 500 Sierra Leone - - 1,300 Gold Coast - - 2,200 Lagos - - - 1,000	1888	267,405 (Covering period to 30th September, 1900.)	For cable from St. Vincent to Bathurst, Sierra Leone, Accra, Lagos and the Niger Settlement.
		£.	267,405	
TOTAL OF ASSOCIATED COMPANIES - - - £.			2,398,069	

\* An annuity of 36,000*l.* a year (half of which is repaid from Indian Revenues) is payable from the Consolidated Fund from 1862 to 1886 in respect of a guarantee given to the shareholders of the late Red Sea and India Telegraph Company in 1858 (see 25 & 26 Vict., cap. 32); but, as the Company has ceased to exist, no account has been taken in the table of this annuity or of previous payments under the guarantee.



## APPENDIX H—continued.

## WEST INDIAN COMPANIES.

NAME OF COMPANY.	Amount of Subsidy.	Commencement of Subsidy.	Total payment to 31st December 1900.	Services for which Subsidy Granted.
Halifax and Bermuda Cable Company.	8,100 <i>l.</i> per annum for 20 years. Imperial Government.	1890	£. 83,025 (Covering period to 14th Oct., 1900.)	For cable from Halifax to Bermuda.
Direct West India Cable Company.	(i.) 8,000 <i>l.</i> per annum for 20 years. Imperial Government.	1898	22,000 (Covering period to 31st Oct., 1900.)	For cable from Bermuda to Turk's Island and Jamaica.
	(ii.) 2,120 <i>l.</i> per annum for 5 years. Jamaica. Turk's Island.	1898	5,830	Do. do.
		£.	27,830	
West India and Panama Cable Company.	Annual payments at various rates. British Guiana. Trinidad. Barbados. Windward Islands. Leeward Islands. Jamaica.	Various dates between 1873 and 1875 to present time (Jamaica payment ceased in 1898).	96,000	For communication between the United States and the West Indies and South America.
			102,000	
			62,000	
			57,000	
			47,000	
			40,000	
		£.	404,000	

## SUMMARY.

	£.
ASSOCIATED COMPANIES	2,398,069
HALIFAX AND BERMUDA CABLE COMPANY	83,025
DIRECT WEST INDIA CABLE COMPANY	27,830
WEST INDIA AND PANAMA CABLE COMPANY	404,000
TOTAL	£2,912,924

## APPENDIX J.

## MARKET VALUE OF SHARES OF BRITISH CABLE COMPANIES.—EASTERN AND ASSOCIATED COMPANIES.

## VALUE OF UNDERTAKINGS.

Name of Company.	Nominal.	Total.	Market Price.	Value.	Total.
African Direct Company :	£.	£.	£.	£.	£.
10l. shares (236,000l. paid up)*	300,000		Not quoted.	236,000	
4 per Cent. Debentures	82,300		99½	81,888	
" "	30,900		Not quoted.	30,900	
		413,200			348,788
Eastern and South African Company :					
10l. shares	600,000		Not quoted.	600,000	
4 per Cent. Mortgage Debentures	300,000		101½	304,500	
" " "	200,000		101½	203,000	
		1,100,000			1,107,500
Eastern Extension Company :					
10l. shares	2,500,000		14	3,500,000	
" (new issue, May 1900)	500,000		14	700,000	
4 per Cent. Debentures	320,000		115½	369,600	
		3,320,000			4,569,600
Eastern Telegraph Company :					
Ordinary Stock	4,000,000		139½	5,580,000	
3½ per Cent. Preference Stock	1,930,807		95½	1,843,920	
4 per Cent. Debentures	1,432,268		115½	1,654,270	
		7,363,075			9,078,190
Europe and Azores Telegraph Company :					
10l. shares (172,000l. paid up)	200,000	200,000	Not quoted.	172,600	172,000
West African Telegraph Company :					
10l. shares (231,090l. paid up)	400,000		Not quoted.	231,090	
5 per Cent. Debentures	155,600		100½	156,378	
		555,600			397,468
London-Platino-Brazilian Company :					
£10 shares	375,480		Not quoted.	375,480	
6 per Cent. Debentures	100,000		103½	103,500	
		475,480			478,980
West Coast of America Telegraph Company :					
2l. 10s. shares (112,520l. paid up)	132,520		½	22,504	
4 per Cent. non-cumulative income bonds	20,000		Not quoted	20,000	
4 per Cent. Debentures	150,000		101½	152,250	
		302,520			194,754
South American Cable Company :					
10l. shares (247,070l. called up)	500,000		Not quoted.	247,070	
5 per Cent. Debentures	257,300		"	257,300	
		757,300			504,370
Western Telegraph Company :					
10l. shares (2,079,300l. paid up)	2,500,000		14½	3,066,967	
per Cent. Debentures	75,000		104½	78,375	
" "	348,777		104½	364,472	
		2,923,777			3,509,814
Total - - - £.		17,410,972		Total - - - £.	20,352,064

\* Held by Eastern and Western Telegraph Companies and the Telegraph Construction Company.

## APPENDIX J.—continued.

## NORTH AMERICAN COMPANIES.

## VALUE OF UNDERTAKINGS.

Name of Company.	Nominal.	Total.	Market Price.	Value.	Total.
Anglo-American Telegraph Company :	£.	£.	£.	£.	£.
Ordinary Stock - - - - -	804,720		53½	430,525	
6 per Cent. Preference Stock - -	3,097,640		98	3,035,687	
Deferred Stock - - - - -	3,097,640		10	309,764	
		7,000,000			3,775,976
Direct United States Cable Company :					
20% shares - - - - -	1,214,200	1,214,200	11	667,810	667,810
Total - - - £.		8,214,200		Total - - - £.	4,443,786

## CENTRAL AMERICAN AND WEST INDIAN COMPANIES.

## VALUE OF UNDERTAKINGS.

Name of Company.	Nominal.	Total.	Market Price.	Value.	Total.
Cuba Submarine :	£.	£.	£.	£.	£.
10% shares - - - - -	160,000		5½	88,000	
" " 10 per Cent. Preference -	60,000		14	84,000	
		220,000			172,000
Direct West India Cable Company :					
5% shares (60,000% subscribed, 30,000% paid up).	120,000		Not quoted.	30,000	
4½ per Cent. Debentures - - -	104,300		101½	105,864	
		224,300			135,864
Halifax and Bermudas Cable Company :					
5% shares - - - - -	50,000		Not quoted.	50,000	
4½ per cent. Debentures - - -	78,000		101½	79,170	
		128,000			129,170
West India and Panama Telegraph Company :					
10% shares - - - - -	883,210		£	33,120	
" " 6 per Cent. First Preference	345,630		5½	190,096	
" " " Second " - - - - -	46,680		4	18,676	
5 per Cent. Debentures - - -	80,000		102½	82,000	
		1,355,530			323,892
Total - - - £.		1,927,830		Total - - - £.	760,926

## EUROPEAN COMPANIES.

## VALUE OF UNDERTAKING.

Name of Company.	Nominal.	Total.	Market Price.	Value.	Total.
Direct Spanish Telegraph Company :	£.	£.	£.	£.	£.
5% shares - - - - -	65,000		3½	45,000	
" " 10 per Cent. Preference -	30,000		9	54,000	
4½ per Cent. Debentures of 50% -	30,000		51	30,600	
		125,000			130,100

APPENDIX K.

SPECIAL ANALYSIS of Traffic passing through the LONDON STATION of the EASTERN TELEGRAPH COMPANY during three days in March 1890 and six days in October 1901.

PRIVATE MESSAGES (excluding Government, Press, and Services).

DESCRIPTION OF MESSAGE.	EUROPEAN RÉGIME.				EXTRA EUROPEAN RÉGIME.			
	3 Days in March 1890.		6 Days in October 1901.		3 Days in March 1890.		6 Days in October 1901.	
	Words.	Percentage on Number of Words.	Words.	Percentage on Number of Words.	Words.	Percentage on Number of Words.	Words.	Percentage on Number of Words.
Total Words examined - - - - -	21,476	—	40,833	—	34,397	—	91,876	—
Plain Language - - - - -	16,329	76'04	13,902	34'05	3,989	11'59	12,517	13'63
Mixed Plain and Code * - - - - -	3,071	14'30	7,879	19'30	5,186	15'09	23,755	25'85
Code and Secret † - - - - -	2,076	9'66	19,052	46'65	25,222	73'32	55,604	60'52

\* Consisting of short sentences in plain language, or Stock Exchange or other quotations, interspersed with Code words.

† Secret telegrams consist of figures.

## APPENDIX L.

CODE WORDS :	TRANSLATION.
Crampoon	At London apply for dry docking and painting to A. C. Holzappel and Levin, 9, New Broad Street, and make your arrangements according to tender No.
Acacia	Tender No. 1.—Taking ship from dry dock gate entrance with the assistance of crew (otherwise riggers to be found at ship's expense) putting into dry dock for
Spring	spring tides, laying blocks and providing caps, shoring and unshoring, including bilge shores, keeping dock dry or hoisting on patent slipway, providing tools and labourers for scraping the ship fit for painting from loadline downwards, also material, labour, and tools for applying two good coats of composition from keel to light water-line, and two good coats of flesh colour or other anti-corrosive boottopping of usual height, and the painting of the water marks for the lump sum of
Polvorillar	300/.
Rahtjens.	Rahtjens composition to be used.

139 actual words represented by five Code words, being 28 words for each code word, without address.

Address :—	WITH ADDRESS.
Hercules, London.	Smith and Brown, 1000, East India Avenue, Leadenhall Street, London.

Total, 148 words

---

**APPENDIX M.**
**ADMINISTRATIONS which accept urgent TELEGRAMS for the INTERNATIONAL SERVICE.**

Argentine Republic.	New Caledonia.
Austria.	New Zealand.
Belgium.	Norway.
Bosnia-Herzegovina.	Persia.
Brazil.	Portugal.
Bulgaria.	Queensland.
Cochin China.	Roumania.
Denmark.	Russia.
Dutch East Indies.	Senegal.
Egypt.	Servia.
France.	Siam.
Germany.	South Australia.
Greece.	Spain.
Hungary.	Sweden.
Italy.	Tasmania.
Japan.	Tunis.
Luxemburg.	Turkey.
Montenegro.	Victoria.
Netherlands.	

---

**ADMINISTRATIONS which do not accept urgent TELEGRAMS for the INTERNATIONAL SERVICE.**

Cape Colony.	Natal.
Ceylon.*	New South Wales.
Great Britain.	Switzerland.
British India.*	West Australia.†

\*Accept urgent telegrams for the Internal Service.

†Accepts urgent telegrams for the Intercolonial Service.

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CABLE COMMUNICATIONS,

~~2102~~

MINUTES OF EVIDENCE

52143

TAKEN BEFORE THE

INTER-DEPARTMENTAL COMMITTEE

ON

CABLE COMMUNICATIONS;

WITH

2

APPENDIX AND INDEX.

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Presented to both Houses of Parliament by Command of His Majesty.

---



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# MINUTES OF EVIDENCE

TAKEN BEFORE THE

## INTER-DEPARTMENTAL COMMITTEE

APPOINTED TO INQUIRE INTO

THE

PRESENT SYSTEM OF

# TELEGRAPHIC COMMUNICATION

BETWEEN DIFFERENT

# PARTS OF THE EMPIRE,

AT ST. STEPHEN'S HOUSE, WESTMINSTER, S.W.

## FIRST DAY.

*Tuesday, 19th February, 1901.*

PRESENT:

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*).

The MARQUIS OF LONDONDERRY, K.G.  
The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C.M.G.

Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.  
Rear-Admiral R. N. CUSTANCE, R.N.

ROLAND WILKINS, Esq., *Secretary*.  
J. H. LINDSAY, Esq., *Assistant Secretary*.

Sir EDWARD SASSOON, Bart., M.P., called; and Examined.

Sir  
E. Sassoon,  
Bart., M.P.

1. (*Chairman*.) We know that you are the member of Parliament for the Hythe Division; and I understand you are also the head of the firm of David Sassoon and Co. ?—Yes.

2. And you have taken for some time a considerable interest in this question of submarine cables, and are chairman of a committee of members of the House of Commons, which has been got together to study the question with a view of furthering the interests of telegraphic communication ?—Yes.

3. In those capacities you desire to have the opportunity of coming before this Committee in order to state your views on behalf of yourself and others ?—That is so.

4. I understand your opinion to be that existing submarine cables are not adequate for the needs of the Empire ?—That is so.

5. Would you develop your views and state why you hold that opinion?—There have been many instances showing the inadequacy of the existing telegraph lines. A great deal of stress is laid, and much notice has been bestowed, upon this inadequacy, especially in times of war. For example, the case of the Zulu War, the Jameson Raid, the present hostilities in South Africa, and the military operations in China have each and all developed a knowledge on our part here of a decided inadequacy in the methods of telegraphic communication either by cable or land lines connecting the different seas. But as regards the commercial disadvantages, these are only indirectly felt by

the public generally in the case of the interruptions when interruptions occur. What I mean to say by inadequacy is that they are not only insufficient, but that those cables that do exist do not perform the functions which they are calculated to perform, because they are inefficient, and they break down constantly.

6. That is rather general. I should like you to develop in your own way a little more what it is that you think can be done?—That would involve going into a different scheme which I have here to show how they might supplement the existing system.

7. I understand you are speaking in special reference to facilities for trade, not on other questions?—Not on other questions except incidentally, because it is conceivable that where a cable would be commercially profitable it would be also strategically advantageous; or, in other words, a State might feel the want of a strategical cable, but it might not feel that it is of sufficient importance to go to the expense of constructing that cable unless there were commercial requirements to be performed by it. Of course, if you do not wish me to enter into any of the strategical aspects of some of these commercial cables which we consider inadequate or inefficient—

8. As far as possible we should like you to keep strategical questions from the commercial ones. Now, in the first instance, your reason is that the present service, as I understand you to say, is commercially inadequate?—Take one instance out of

Sir  
F. Staddon,  
Barr., M.P.  
19 Feb. 1901.

several. We hear officially that in consequence of an interruption to the Amoy-Shanghai cable which occurred on the 17th of January last, all telegrams from London for Shanghai must needs pass over the Russian land lines which cross Siberia, and which themselves are not infrequently interrupted. In this particular instance the inconvenience, apart from the additional cost, is most strongly brought home to the Hong Kong merchant, who has now to telegraph to Shanghai *via* Singapore across India and Persia, or *via* Egypt and France, and so through Germany to Russia, and back across Siberia to Vladivostok, finally reaching Shanghai by the Danish owned cable—which is called the Great Northern Company's cable—which runs southward from Vladivostok to Shanghai *via* Japan.

9. What inference do you wish us to draw from that?—That there ought to be a direct cable of the British Government from Hong Kong to Shanghai.

10. I should like to have your own views whether it should be a company or a Government line. We must have a definite recommendation?—I was going to develop the question of the advisability of the State not only constructing all future cables, but of buying out the existing cables, only I thought I should be out of order.

11. I will leave you to do it in your own way?—I think it would be highly advisable in a matter affecting not only the commercial, the banking, the shipping, and the manufacturing interests of this Empire, but also the questions affecting the supreme defence of the Empire and its outlying dependencies. There can be no doubt in my mind that the State should directly control and, if considered advisable later on, own the cables themselves.

12. (Lord Londonderry.) By a compulsory purchase?—By expropriating the cables.

13. (Chairman.) Do you put forward that expression of opinion upon this interruption of this particular spot in the Far East, or is that a larger policy which you recommend to the Government on wider grounds?—It is a larger policy. It appears to occur in this particular instance.

14. Supposing this cable had been the property of the Government, that would not have prevented it from being liable to this accidental interruption?—Yes, in this way, because this cable goes to Amoy and to Foochow before reaching Shanghai, whereas if the State were to construct the cable it would construct it without touching any territory on its way to Shanghai. It would go direct, and it would obviate these breakdowns and interruptions that are so harassing to trade and so detrimental to the interests of the Fleet.

15. Is it your suggestion that the Government should lay this particular cable?—It would be very advisable that it should, and commercially I make no doubt it would be a very profitable investment.

16. If it were commercially profitable, is not there enterprise sufficient for a new company to be formed or one of the existing ones to lay the extension?—Apparently not, or I suppose a cable would have been constructed; and what complicates the situation is that the Eastern Telegraph Company and the Eastern Extension Telegraph Company, who land their terminal cable at Hong Kong, have a certain working arrangement with the Danish company, called the Great Northern Company, which takes messages on from Shanghai to Hong Kong. What the exact nature of that working arrangement is I do not know, but apparently it is of sufficient importance to the Eastern Extension Company to prevent its turning its thoughts to the establishment of a direct cable from Hong Kong to Shanghai.

17. What is the next suggestion that you wish to make to us?—If you wanted a further illustration of the inadequacy of the present cables there is the interruption of the 25th of January last to the Singapore-Banjoewangi and the Singapore-Batavia cable, which lasted for several days, so that although in any case messages for Australia *via* Batavia would have to pass over 500 miles of Dutch lines in Java to this place called Banjoewangi to get to the west of Australia; this interruption necessitates all messages for Australia passing over the Dutch lines from Acheen in the north of Sumatra to Banjoewangi in the south of Java, which is a distance of about 1,400 miles. My object in showing this interruption is that owing to the fact that we have not an all-British cable from here to Australia, when these disturbances do occur—

18. What do you mean by an all-British cable from

here to Australia?—A cable such as the Pacific, that would not touch upon Dutch territory.

19. The mere fact of a cable touching or not touching on Dutch territory would not prevent accidental interruptions?—If there are interruptions upon one's own line one's much more able to cope with them than with interruptions which occur on foreign territory. There are difficulties in repairing or getting near the place in some instances which would be altogether obviated in the case of an all-British cable. And, further, the distance to be traversed from shore-end to shore-end would be insignificant.

20. Is it your suggestion that the Government should lay such a cable, irrespective of whether it would be commercially profitable or not?—Certainly. As a matter of fact, I cannot exactly answer that question because I shall have to explain that the Government have already given or are on the point of giving a contract to the Eastern Extension Company to start a new cable from the Cape to Australia which would be an all-British cable. It is meant to go from the Cape to the Mauritius, and from Mauritius to Rodriguez, and from Rodriguez to the Cocos Islands, from there to the Norfolk Islands, and thus getting to the western part of Australia. In that way you would be severing all communications with foreign territories and cheapening your messages to your own colonies.

21. (Lord Londonderry.) Did you say the contract had been given to the Norfolk Islands?—No; I beg pardon; Norfolk Island is an ocean station on the east side of Australasia in the projected Pacific cable. I am not aware whether the contract has been given to the Keeling Islands. We find that in the case of all existing cables, assuming them to be in good working condition, telegrams must pass through the foreign landing-place—Banjoewangi, for instance.

22. (Chairman.) Please go on in your own way to develop the policy which you suggest should be pursued by the Government?—What I have already said shows the advisability of the Government adopting a policy of having all-British cables.

23. I do not quite follow that. I want to develop your views without putting words into your mouth, but I do not quite see how an all-British cable is less liable to interruptions than one which is not all-British; there must be always accidental interruptions from time to time?—This cable that I have just alluded to, for which Lord Londonderry says the contract has been given—

24. (Lord Londonderry.) I did not say that?—It is on the point of being given—touches upon only three different points before getting to Australia, Mauritius, Rodriguez, the Cocos Islands, down to the south of Westralia,—three mid-sea stations.

25. (Chairman.) Of course, you could not confine this policy to any one part of the world. If the British Government began to lay cables you could not do it exclusively to one part of the world?—It ought to do it all over the world where we have interests to safeguard.

26. Have you formed any idea of the cost, what money you would desire the Government to invest in submarine cables?—Yes; would you like me to go through the different cables that the State might go in for, and give the mileage?

27. Yes?—Hong Kong to Shanghai, a distance of 984 nautical miles; Thursday Island to Sandakan (which is British North Borneo), 2,000 miles; Sandakan to Labuan, 352 miles; I might mention that at Labuan there is a cable running from Singapore to Hong Kong *via* Labuan. Then Labuan to Sarawak, 407 miles; Seychelles Islands to Aden, 1,662 miles; Bathurst to Gibraltar, 1,908 miles; Gibraltar to Ireland (the extreme west of Ireland, at a place called Valentia), 1,350 miles; Jamaica to Barbados, 1,120 miles; Jamaica to Belize (British Honduras), 753 miles; Falkland Islands to Tristan d'Acunha, both British territory, and I understand that Stanley Harbour is being fortified there, the distance is 2,420 miles; Tristan d'Acunha to Cape Town, 1,650 miles; and, this is the last, Durban to Cape Town, in order to avoid the long land line between Durban and Cape Town, which is being constantly interrupted, that is 1,125 miles.

28. Have you added up the total mileage?—Yes; it is 15,721 miles.

29. Have you formed any idea in your own mind what the estimated cost would be?—The estimated cost would be something like between five and six millions.

30. And of course many of these—some, at any rate, of these cables—would be in direct rivalry with existing lines which are the property of private companies?—Very few, except Hong Kong and Shanghai, which would be in competition with a Danish-owned cable. There is no other that I can see, not one. The others are all mentioned with the object of linking up detached British colonies in order to make a sort of circle composed of British-owned cables.

31. Have you at all gone into details of the probability of those cables producing revenue so as to pay their expenses?—The principal ones are certainly likely to produce sufficient revenue, if you take them upon a sufficiently low basis of interest. If you take it upon the credit of the Government, I should say that they would certainly pay; but, of course, there are instances—for instance, Bathurst to Gibraltar—that would be more a strategical line. I am not prepared to say that by constructing that cable you would not be anticipating a commercial demand to a large extent, which, of course, would considerably enhance its paying capabilities. Just at present, if you ask me that, I do not think that commercially that would be a cable likely to pay.

32. Have those proposals ever been publicly discussed?—Some of them have been discussed, and, on the suggestion of Sir Sandford Fleming, who was instrumental in getting a Pacific cable accepted.

33. You have never advocated in Parliament the expenditure of this sum of money at the expense of the Government for the purpose, have you?—No; I did not think that the question was quite ripe for it. I advocated it generally. I said that the policy which the Government ought to place before it, ought to be such in regard to future concessions to private cable companies—

34. Have you considered how far the policy which you advocate would conflict with the rights and privileges which have been accorded to existing companies?—Well, where a question of wide public policy is involved, and where no breach of public faith would be entailed by the State entering into competition with a private company, I should have no hesitation in saying that the State would be perfectly justified in such action.

35. Do not understand me to express any opinion; my turn will come when we draw up the report. But I asked you whether you had considered it?—Yes, I have.

36. Do you, or do you not, think that with such an interference with existing privileges there might be a demand for the purchase of a considerable number of cables now lying under the sea?—That might conceivably lead to such an arrangement.

37. I understood you to say, you will tell me if I am wrong, that you were prepared to advocate the purchase by the State of existing cables?—Yes, I was.

38. Of existing cables?—Of existing cables.

39. All British owned?—Yes; assuming them to be efficient cables. Some of them are very old, and consequently they are not worth purchasing; but as regards those that are efficient, I would without the slightest hesitation be a party to recommend their being expropriated by the State.

40. Have you formed any idea as to what that would cost?—I do not know that it would cost more than three or four millions. It is difficult to arrive at any approximate amount, but I would say between three and four millions.

41. What is the basis for your estimate?—Speaking generally, the market value of the cables.

42. (Sir John Ainslie.) You had better leave that figure to be corrected afterwards?—Yes, I think so.

43. (Chairman.) Would you give me a list of the cables which you think could be purchased for four millions?—I could not give you a list of all the cables, but the principal ones I could give you.\* I should say that the direct cable between this country and Bombay, that would be the first cable to purchase. Certainly a new cable constructed to Bombay would not cost more than a million. I have entered very minutely into that

calculation. The next cable would be the cable running to the East and West Coast of Africa.

44. I want existing cables if you can give them. If you have made an estimate of four millions, you must have made a list of the cables which you think you can get for that money?—They are these three particular cables that I attach importance to—The Indian cable running from Cornwall to Bombay—

45. Would you agree with me that a policy of this kind could not be gone into piecemeal—you could not expect part of the cable enterprise to be partly in the hands of private companies and partly in the hands of the Government?—No.

46. Then in that case, do you not think that you would like time to consider whether four millions is anything like the sum that will be required?—I should be very glad to have time to consider it. The reason of my not having brought that list here is because I did not know that it was included in the terms of the reference—this question of State cables—or I should have brought it here.

47. I took it from you that it was the recommendation you wished to make, and I thought probably you had considered it?—I did not know that we should go minutely into the purchase; I was going to recommend it in general terms.

48. But surely the first thing you would go for would be to consider whether it was feasible, before recommending it in general terms?—We did not quite know which of the cables are worth purchasing and which are not. As I was remarking just now, one cable to Bombay, I am told is —

49. I thought it would be taking you rather wide. It seemed to me such a very large question that I did not think you had seriously put it before us as a practical policy?—That is so.

50. I understand that you wish to show that in some instances the relations between private cable companies and the Government have militated against the interests of the commercial community. That is one of your points, is it not?—Yes.

51. Would you develop that in your own language?—That occurs especially in regard to rates, where the cable companies charge prohibitive rates—prohibitive in the sense that our own rivals abroad are enabled to send their own telegrams to their own colonies on immeasurably cheaper terms, and that constitutes a very considerable grievance.

52. Would you give me an instance?—The most glaring and flagrant case is the rate to India, which is now 4s. a word. Since 1886, when an infinitesimal reduction of 7d. was made, it has stood at that. There were several attempts made to get the companies to reduce that rate. On the last occasion, in 1896, there was a Conference at Budapest, at which delegates both from the Imperial and Indian Governments were present.

53. I understand the complaint against the extravagance of the rate, but at the moment I wanted some instance in which the relations between private cable companies and the Government have militated against the interests of the commercial community?—Well, there is the case of New Zealand, if I might be allowed to refer to that?

54. Yes?—The New Zealand Government entered into an agreement with the Eastern Extension Company, by which it agreed to pay to that company a considerable subsidy. That agreement was about to lapse.

55. What was the date of that?—1886. The agreement was in existence for about ten years—it was about to lapse—and the company, on the plea that if they gave up the subsidy they would be only earning something like 3 per cent. on their capital, urged its continuance. To this request New Zealand was not desirous to accede, but rather pressed upon the Government the feasibility of reducing their rates. After a long correspondence and many threats on the part of the company to raise the rates—the intercolonial rates—the rates between New Zealand and Australia were actually raised by the company to 10s. from 6s. 7d., I think it was, or 7s. a word. They carried out their threat for a ten word message from New Zealand to Australia.

56. Is that in force still?—It is not in force. It has been altered in the new arrangements which have been since made in the Colonies. That is an object lesson of the way in which the companies take ad-

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E. Sarsson,  
Bart., M.P.  
19 Feb. 1901.

\* See Appendix I.

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E. Sassoon,  
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vantage of their position when they find that they have a monopoly of a cable, to squeeze the uttermost farthing out of the nation or out of the community with which it has dealings. The consequence was that the New Zealand Government retaliated by putting on 4s. a word as a terminal charge with the result that the rate between New Zealand and Australia was 14s.

57. What inference do you wish us to draw from that?—That the relations between private companies and Governments have not been so satisfactory as to justify the continuance of those relations where they could be avoided by the direct intervention of the State by laying cables or by directly acquiring existing cables, and controlling them—that is the only alternative.

58. Do you wish to bring before us any more recent instances of a similar nature?—Well, the other instance that is worth going into is the Government of India and the private telegraph companies which serve India East and West.

59. If you please?—The case where the Eastern Telegraph Company and the Indo-European Telegraph Company work together—the Eastern Company has its cables to Bombay; and the Indo-European Telegraph Company uses the Anglo-German cable from here, and then uses the German Land Line, and then across Russia to Persia, where at Teheran it meets the Indo-European system belonging to the Indo-European Telegraph Department. I might mention that this land line from Teheran, although passing through Persia, is worked by the Indo-European Telegraph Department. They take messages from Teheran to the head of the Persian Gulf at Bushire, then from Bushire they pass by cable to Jask and Karachi. In 1878 the Indian Government found that it was not getting sufficient messages for its cable from Bushire to Karachi, and they were induced by the Eastern Telegraph Company and by the Indo-European Telegraph Company to enter into what was known as the "Joint Purse Agreement." I do not know what the terms of that agreement are, but I assume that it merely defines the division of profits. I am not aware whether it goes into the question of permanency of the arrangement provided the agreements which the Indo-European Company has with Russia, Germany, and Persia are renewed. But if we assume that so long as these agreements with Russia, Persia and Germany remain in force the Joint Purse Agreement cannot be determined, then the question arises as to whether the joint purse can be terminated at all, unless in the event of the non-renewal of the agreements.

60. In other words, if the Joint Purse Agreement is a factor in maintaining the rate of four shillings a word to Bombay you desire to condemn it?—Certainly.

61. What makes you think—I am asking to get your views on the four shillings a word rate—that it is too high a rate to Bombay? What is the test by which you form that opinion?—The most important consideration is the fact that messages destined for Australia passing through India are charged 3s. 6d. a word now. You can send a message from here to Australia across India for 3s. 6d. a word, with a prospective reduction to 2s. 6d., whereas the rate to India is 4s., which seems rather exaggerated.

62. On that assumption you would urge that the Joint Purse Arrangement should not be maintained?—Precisely. It is a very problematical point whether either the Indian Government or the Imperial Government have derived any advantage from the existence of this joint purse. Financially the former has paid in something like £200,000 more than it has taken out in 20 years.

63. Have you any policy as regards the telegraph rates between this country and India? What is the suggestion that you would make?—It is an open secret that Germany, which is one of the Powers through whose territories the Indo-European Telegraph Company passes, is not disposed on any consideration to renew that agreement with the Indo-European Company which lapses in 1904, on account of some pending matter here. The German Post Office have been in communication with the Treasury here as regards the landing of their Emden-New York cable. They wish to have a certain landing either at Waterville or Weston-super-Mare—I do not know which it is. I have a letter from the Director of the German Post Office, in which he absolutely maintains his determination and that of the Postmaster-General on no account to renew the agreement until this point with the Treasury as

regards the landing is finally disposed of. That would be one of the reasons for denouncing the Joint Purse Agreement.

64. You would, of course, agree that an agreement made—I am expressing no opinion as to the wisdom or unwisdom of it at the time of making it—but an agreement so made can be only terminated having regard to the conditions of the bargain?—Certainly.

65. And it may not be, for all that you know, either the fault of the British Government or the Eastern Telegraph Company that they are unable at the moment to reduce the rate to India?—The reason assigned by the Associated Companies for objecting to reduce the rate to India is that the Indian rate is made up by the different transit and terminal rates of the countries which the land line passes through.

66. Are you quoting the words of the Associated Companies?—I have not got their words here.

67-8. It may be, and I rather think I am right in saying that any one of the companies which works between London and India, and any one of the countries through whose territories it passes, has under the existing state of circumstances a right of veto to prevent a reduction?—I do not know that they have a right to prevent a reduction if the telegraph companies choose to take the reduction themselves—if the companies choose to pay for the difference—to take the cost of the reduction on themselves. Let us throw some further light upon this matter. The Convention says that Germany and France and Russia should get certain specified sums as transit rates, but we know as a matter of fact that they do not get them. That there has been some sort of a compounding of this royalty between this company and Germany I am certain.

69. Are you speaking of your own knowledge?—Yes.

70. It is quite likely that these arrangements have to a large extent been kept secret?—I happen to know for certain.

71. It may have been kept too secret, but I do not express an opinion at the moment. I think I stated correctly the reason why there is no reduction?—But I happen to know from the Director of the German Post Office that they do not receive the 20 centimes.

72. If you quote the letter that would be material?—I will quote the letter—it is not marked private. This is a letter dated the 22nd of November. He says: "The German concession of the Indo-European Telegraph Company expires after four years. According to the concession the proportion of rates for the Indian traffic due at present to Germany is so small that a reduction is impossible. It already now amounts only to half the German transit rate generally available for the extra-European traffic. For this four years the Indo-European Company, which pays large dividends, may bear the loss on its own account." It is obviously the suggestion of the German Post Office that the Indo-European Company ought to bear the loss to India.

73. I take that, and I shall put it to the representative of the company when he comes here. But I am not quite sure from my knowledge that that states the whole case. Apart from this case any one of the countries through which the line passes can veto the change in the tariff. I am not saying whether the agreement should or should not be renewed, but if I am correct, and I think I am, that is a conclusive argument against its being possible for the company to reduce the rate at the moment?—It is a pecuniary veto.

74. I take it from you that you hold a strong opinion that the present rate between England and Bombay is unduly high, and that in your opinion it ought to be reduced?—Certainly.

75. Can you carry it further than that at the moment?—Yes; I would like to suggest, and I should like to have the special attention of the Committee to this suggestion, that India should declare herself to be under the European régime. There is no absolute reason why India should be debarred from the exercise of a right which the Convention gives to every adhering nation.

76. You are stating that positively; I am not sure that that is the right interpretation?—You may be aware that the Convention had adopted very arbitrary lines of geographical demarcations as regards extra-European and European.

77. You know the history of that—how it was built up?—No, I do not.

78. Then I will not take you over it?—This Article 85, clause 2, says: "Administrations which possess out of Europe lines for which they have given their adhesion to the Convention declare which of the two systems, European or extra-European, they intend to apply to them. This declaration follows upon their inclusion in the tariff tables or is notified subsequently through the medium of the International Bureau."

79. I ought to tell you that there are contentions about that, whether a country can declare itself to be European if it does not touch a country which is already European; but I shall not take you over that, but your recommendation is that India should declare herself a European country for the sake of the European tariffs. On what ground do you suggest that would or would not be a loss to the companies concerned?—There would be a loss to the companies—of course there would. They would have to be content with a smaller percentage of profit—there would be a loss. There would be a still greater loss if the State decided to compete with them and start cables of its own.

80. Just take the point you were on a moment ago: It is suggested to me that even if India declares herself European telegrams to India would be extra-European, because they would have to go through countries like Persia and Egypt. Is that accurate?—Yes, that is accurate.

81. Therefore the mere declaration on the part of the Indian Government that they wished to be European would not affect the purpose you have in view?—Yes; you could turn that difficulty as regards Egypt by going through the Isthmus, near El Arish to Akaba on the Red Sea, which is Turkish territory, running parallel with the Egyptian frontier. There is no reason to suppose that Persia would not be disposed to accept a lower rate rather than have no profit for the working of the line. Of course, these are all questions of negotiation and compromise.

82. In the event of such a policy as you advocate cutting seriously into the revenue of the companies, do you suggest that it should be made up to the company or not?—I made a suggestion in the House of Commons, and I have seen no reason to depart from it, if the companies were agreeable to reduce the rate to India by 2s., or if we go into the question later of deferred and ordinary messages—2s. 3d. for ordinary messages and 1s. 9d. for deferred messages—that the Imperial Government would be justified in making up to the companies any possible loss on the basis of their standard earnings to the extent of one-third.

83. How would you justify that? That would be a subsidy to commercial firms, would it not?—Yes. As it happens, the Treasury have not contributed anything to the establishment of the cable from here to India. The State has a privileged position. It sends its messages at half rates, it has priority given for its messages, and without having contributed anything towards that privileged condition.

84. In other words, the Government has too good a bargain at the present time?—Exactly; and one branch of the community has to bear the brunt of the high charge.

85. Before I go to the third head of your memorandum, is there anything more upon that that you wish to say?—On the question of India—no. There is one point I wish to mention in Lord George Hamilton's memorandum as regards the possibilities of the termination of this Joint Purse Agreement, where he says that it can only be terminated by mutual consent. Mutual in the case of a triangular treaty seems rather vague. It might mean the Indian Government on the one hand and the companies on the other, in which case the Indian Government would be free to denounce the Joint Purse Agreement. That is the only remark I have to make with regard to that.

86. I understand you wish to represent to us that the amount of control at present exercised by the Government is insufficient in some cases?—It is insufficient in some cases.

87. Would you develop that in your own way, please?—Well, as regards India it has no control at all—no control except if it takes the cables by forcible purchase and ejects the companies. There is no direct control or pressure that the Imperial Government can bring to bear upon the Eastern Telegraph Company, except in this way, or perhaps in the matter of fresh concessions. If the Eastern Company came to the Government and said, "I want landing rights at Cornwall," the State could turn round and say: "You are not behaving very

well with regard to India or from here to Hong Kong. Unless you put that thing right we shall withhold the concession you ask for." In that way an indirect lever does exist, but directly, I fail to see that any control can be exercised by the Government where such a control has not been stipulated for in the first instance. Of course, the only instance in which I see an intelligent perception of the principle of how transactions could be carried out between Governments and private companies is in that Eastern and South African Cable arrangement to which I see Mr. Hanbury's name is appended. There they have not only stipulated for a scale of charges, but also that the cable can be expropriated by the Government; that the Government should have access to their accounts; that they should have their own officials to see that the cables were kept in an efficient state; in fact, everything for which the Committee in the House of Commons have been contending.

88. Of course you are aware that the idea set before themselves—whether rightly or wrongly—by the telegraph companies was that the business could be carried on apart from Government as an international concern. If one Government were to get such a control you would recognise that where the telegraph touched the territory of other countries you could not prevent them from using the same sort of control?—Precisely.

89. Would that enure to the advantage of the British trader?—I cannot say, judging from the experience of the past, that any possible disadvantage can be anticipated by the British trader from the fact of the cable communication to his country residing in the State and not in the hands of private companies. I do not know whether you wish me to go into the question of the policy to be pursued with regard to the concessions demanded by foreign nations or foreign companies with regard to landings in England.

90. I do not think we have to do with foreign Governments?—We have with regard to landing in England.

91. Perhaps I had better continue in the order in which your own memorandum is, and examine you on that?—Yes. I will not be very long, because I have just put down some of the salient points that occur in the terms of the reference. There is a question of control—how the Government could exercise control over the companies by means of landing concessions, either by withholding or granting the landing concessions, and as I remarked just now, although that control would apply to future concessions, it would indirectly act as a lever with regard to existing cables and lines. Then a subsidiary control would be found in the refusal of our own Government to undertake to assist in negotiations on behalf of British companies with foreign Governments. A British company might want landing rights in Portugal or in Turkey, for instance.

92. Do you put it to me that that has been the practice in the past?—Yes, decidedly. The instrumentality of our own ambassador has been constantly used. The Foreign Office can refuse or consent to undertake those negotiations. That is a source of control. And another source of control is the right that the State has to compete with those companies—to enter into competition with the companies, and also to take away Government business from them. That is a right, I take it, that is inherent in any State unless there is a breach of public faith involved, especially where the attitude of the company is such as to make a violent course—I admit it would be a violent course—necessary. Then I go into the question of whether it is fair for the State to enter into competition with already established lines. I cannot do better than read two lines of a despatch that went from the Colonial Office last year or two years ago, in which Lord Selborne rebutted the position taken up by the Eastern Telegraph Company with regard to the Pacific cable. The Eastern Telegraph Company remonstrated with the Government in wishing to start this cable, which would in a way enter into competition with their own Australian cable, Lord Selborne says that: "The Colonial Secretary cannot admit that there is any rule or formula of universal and permanent application such as you suppose, limiting the functions of the State in regard to services of public utility."

93. (Lord Onslow.) Is that in "Hansard"?—Yes, it is in "Hansard," and it was quoted by Mr. Griffith Boscawen.

94. Where did it come from originally, what you said Lord Selborne stated?—I have got it here. It is the Blue Book—"Telegraph Cables, 1900." Nobody denies

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that the cable companies have rendered considerable services to the country, but we must also recognise the fact that they have been enabled to attain to their present impregnable position of financial stability by the subsidies—very large subsidies—given them by the Imperial Government, not to such an extent as by the Colonial Governments. I have a paper showing that they have received no less than £2,220,000. I will come to it presently. They have also been enabled to accumulate vast reserves and great resources. We contend that the infancy of their enterprise having been assisted, there can be no question of State obligation at present to continue to foster and protect that enterprise. They must be allowed to stand on their own bottom or fall. The policy in foreign countries is to provide cable communication at the lowest possible cost. Of course the private enterprise works advantageously to the companies. The Eastern Company and the Eastern Extension Company have had six, seven, and twelve per cent.—an unlimited percentage of profits. If the Government worked it, it would be at 2½ per cent. Therein lies the difference between State and private companies' capital charges, to the extent of three times over. And the reasons that militated in favour of the Government acquiring the Channel cable between here and France, under the threat of competition to the then existing private company would be a hundredfold stronger in the case of private cables over sea.

95. (Chairman.) Your policy is all to lead up to international communication being in the hands of the Government?—That is it. Then the question of gauging any standard at which rates should be fixed. I do not think there is any standard of scientific or even approximate precision. But there are rough and ready criteria—not unreliable for all that—the knowledge of the working of present rates, the general effect of reductions made from time to time on the volume of traffic, the basis of past experience, the prospects of increase of trade and population, and, lastly, the expediency of approximating our policy to that of foreign States, whose object of constant endeavour is to provide facilities for their subjects in the matter of telegraphic communication on the most advantageous terms.

96. I would prefer to take the memorandum which you sent in and which is before me?—I am ready to answer any question. I have got very little to say now.

97. You are against giving a free trade in landing rights, and I understand you would use those as a lever to get favourable terms?—Certainly.

98. There is another point of view, which I do not commit myself to, but I want to be sure that you have it in your mind, that the wiser policy might be to have free trade in landing rights in order to have more cables put down in the world?—Certainly.

99. Have you considered the relative advantages and disadvantages of the two policies?—I see no disadvantage in throwing the country open to any foreign Power or any foreign company wishing for landing rights here. Our policy, I take it, should be to have a multiplicity of cables over a variety of routes and on the cheapest possible terms, so that all these constant interruptions and breakages that are occurring, which are so harassing to trade and which must be detrimental to the defence of the country, would be to a great extent eliminated.

100. You know, rightly or wrongly, a matter upon which the Government have been censured was for refusing to allow a German cable to land in the south-west of England, and that it has gone to the Azores and across the Atlantic, taking the German traffic away from this country. You know that that has been made a matter of animadversion upon the Government, or rather, I should say the Post Office, rightly or wrongly, that they refused these rights?—On the face of it they were wrong. I do not know whether there were any collateral considerations.

101. What I want to bring out is this: there must be a consistent policy, one way or the other. If you have free trade, of course you cannot exercise the control which you suggest. I understand there are two schools in this matter, some for giving landing rights free and having as many landing places as possible, and others making a bargain to have special rights when landing rights are given. You adhere to the latter policy, I think?—I adhere to the policy that it would be advisable to allow as many cables in this country as possible.

102. (Lord Onslow.) Which is important?—Free trade in cables; no protection to British private com-

panies, provided, of course, in the event of hostilities even if the Power having this landing right happens to be a neutral, we should be entitled to enter into in this matter, some for giving landing rights free and possession of that place to avoid any possible or inadvertent infraction of the laws of neutrality.

103. (Chairman.) I suggest seriously you must take one policy—either free trade, but thereupon in that case you abandon control, or else you must have control, in which case you abandon free trade?—In what sense do you mean control?

104. I understand you have put before us that the Government should use the power which they possess of granting or withholding landing concessions to obtain from cable companies interested assurances about rates and about regulation of traffic, and so on. That was the policy you developed a few moments ago?—Yes.\*

105. I suggest to you—I may be wrong—that that policy is inconsistent with the other policy of giving everybody free landing rights, and having as many cables as possible?—Over the transactions of foreign companies we could not possibly exercise any control. But if a British company, going from England to another part of the British dominions, and working, so to speak, under theegis of the Government, obviously they ought not to be disinclined to accept some reasonable checks.

106. Surely you cannot put conditions upon a British company which you do not put upon a foreign one in a question of landing rights—surely you would be at once penalising your own country?—Yes; there is certainly a great deal in that. I did not think of it at the moment. I think the very fact of your introducing this new system of free trade in cables would obviate the necessity of making any stipulations as regards rates.

107. Are you correct in saying that that is a new system?—I do not know that it exists. I am told that the Treasury have been very vacillating in their determination whenever a question—

108. I admit "new" is a relative term, and that there have been more recent attempts to get concessions in return for landing rights; but the original idea was the other one, which was to give landing rights free, and by that means to stimulate the number of cables to be laid?—That would be so.

109. But you wish to abandon that policy?—I wish to extend the system of landing rights to everybody who asks for them.

110. (Sir John Ardagh.) Is not it the case that the question of making stipulations and conditions as regards the landing rights is quite a recent policy, and not an old one? The old one was to give the permission to land without any condition?—That is so.

111. The new one is to take certain things advantageous to the State?—Yes; it was done in the case of the Eastern and South African.

112. (Lord Londonderry.) For the moment the only control that we have over any of these companies is with regard to landing rights—that is the only control, is it not?—Nothing more.

\* Until a sufficient system of State-owned cables can be perfectly developed the Governments concerned should use the power which they possess of granting or withholding landing concessions; to obtain from the cable companies interested sufficient assurances as to the rates to be charged and the regulation of these over such cables, and any others connected with them, and to obtain any other powers which the Governments may think necessary for dealing with these companies, and that such method of dealing with landing concessions should apply in the case of the duplication, etc., of any of the existing lines. Further, that in granting landing concessions to any company holding exclusive landing rights in the territory of any other Power, it should be made a condition of the grant that the company should declare that in the event of the Imperial or Colonial Governments, or the Government of India, desiring to lay a cable to such foreign landing place, the existence of such exclusive right should not debar the Governments concerned from coming to any agreement which they may find convenient. This is simply an extension of the system adopted by the Government of the United States, which will not grant landing rights on United States territory to any company holding exclusive rights in any other country.—E. A. S.



113. Do you propose to give up all our rights with regard to foreign countries, and, say, to our own companies, unless they can lower the rates they are not to have any rights; is that what you mean?—No.

114. (Chairman.) Would you just put to us distinctly what is your recommendation as regards landing rights, and I will take it in your own language?—My recommendation with regard to landing rights is that where the Treasury does not decide to give landing rights to companies other than British, that these landing rights are an asset, and therefore, in granting those rights the Government should enter into some stipulation, both as regards charges and as regards the buying out of the cables later on. But the moment the Treasury or the State identifies itself with the policy of not protecting British companies as regards cables running from here, and the moment the State decides to let foreign nations have landing rights here, then I think that the mere fact of the competition that would be created would obviate the necessity of making any special stipulation with the foreign countries.

115. You have given us two views, one as abstract policy and the other as a desirable policy; which is the policy you would recommend?—I should recommend free trade in cables without any stipulation.

116. And that, of course, would take away from the State the power to regulate traffic as a return for landing rights. It seems to me you cannot have it both ways; you must make your choice, and I ask you which you take?—As a matter of fact, I do not know that those rights which have been exercised so far have at all been advantageous. My answer would simply be that if you have free trade in cables, I should give them to anybody who applies for them.

117. Then, of course, you could not have that and at the same time a system of Government-owned cable companies all round the world?—Why not?

118. Do you suggest to us that you could?—Yes; if you have a system of British-owned cables to British territories you would avoid the competition of foreign nations. I would not favour giving them landing rights in Australia, for instance. I should give them, for example, and this is a case in point, to Germany asking for a landing right in the West of Ireland for its cable between Emden and New York. I do not see that that can possibly interfere with an all-British cable to Australia or to British territories.

119. (Lord Onslow.) I do not quite understand. In your advocacy of free trade in cables, do you apply that to England only or to the whole of the Empire?—To England only. It would stultify my proposal if it were applied all over the place.

120. (Chairman.) We have already touched incidentally upon the rates charged to the public for the transmission of telegrams to India, but in the memorandum you supplied me with there were a number of other instances which you wish to comment upon hostilely—do you wish to do that now?—I might mention them. I have got the different possible rates, I have got the alternative schemes to India, the land lines.\* Then there are rates to West Africa which are most extortionate. To Lagos the rate is 7s. 1d. per word. The Indian rate and the West African rate are the two principal ones, and the rate to Hong Kong.

121. You give me, as a matter you wish to complain of, the excessive charges from London to India, 4s. per word; from London to Cyprus, 1s. 7d. per word; London to Cairo, 1s. 10d.; and then you go to West Africa, Sierra Leone, 5s. 5d.; to Lagos, 7s. 1d.; and Bonny, 8s. 3d. These last are the West African?—Yes.

122. And you propose to compare those with London to Australia, 3s. 6d. a word, and London to the Cape 3s. 6d. a word; and in France, Paris to Tunis for 1d. per word, and Paris to Tangier 1½d. per word. If you wish to go into these, I ask you whether you think these comparisons are fair, whether the conditions are the same; for instance, is there any subsidy from Paris to Tunis?—That is practically a Government line.

123. Do you know whether it is worked at a profit or a loss?—No; I am not aware of it.

124. If it was either heavily subsidised or worked at a loss, the comparison would break down, would it not?—We must not overlook the fact that these new cable companies are subsidised by foreign Governments which in their infancy are endeavouring to find

outlets for their work, whereas our own companies have been established for the last 20 or 30 years, and have entered upon a position of unassailable financial strength. I think one might fairly compare the rates charged by foreign companies with the rates charged by our companies, situated as they are.

125. Would it be fair to compare rates on a subsidised line with rates on an unsubsidised line? I can understand your telling us the advantages of subsidising and arguing on that line, but surely to make a comparison between a Government line which is subsidised and a company which is not, is not a fair comparison?—But our companies are still in receipt of considerable subsidies.

126. You will go with me to this length, that before making a comparison of rates you must take into account the whole circumstances of the two companies?—Yes, as far as one can. I am not aware of what is the exact amount of subsidy paid to the Tunis cable by the French Government. I know that our companies have been subsidised. The Eastern Extension has received in the shape of subsidies from 1879—

127. Excuse me for saying so—I thought we were on this particular instance of excessive charge?—You asked me whether it was fair to make a comparison between the rates charged by subsidised lines and those which are not.

128. I do not think that any of these rates are Eastern Extension rates?—They are associated companies. The Eastern and the Eastern Extension work together, and with regard to rates to Australia they have a pooling arrangement. My contention that it is fair to compare foreign companies' subsidised rates with the rates charged by our own companies is on this ground: that the Eastern Extension Company have received no less than £1,194,000 in subsidies, mainly from the Colonial Governments, besides having practically exclusive concessions for forty years upon some of the lines. Those lines received from Tasmania exclusive concessions for forty years with a subsidy of £4,200. Then there is the Penang-Siam line concession for forty years, which, of course, materially strengthens the hands of the company. Then there is the concession from the Spanish Government, an exclusive concession for several years. So that the net result of the subsidies that have been received and will be received by the Eastern Extension Company when the last year of their agreement with the Colonial Government expires will be £1,194,000. The subsidies of the Eastern Telegraph Company I know nothing about.

129. I am very anxious to understand the point that you are making. Do you contend, because an associated company has received a subsidy for a line from one part of the world to another, that therefore any comparison with another company which is not subsidised may be made with one selected by you to some other place?—If the company works in association with another company which does receive a subsidy, I think that it is a pretty fair argument to say that they work with each other in order to maintain a high level of rates. I have no other consideration to offer to base my argument upon.

130. Is there any other rate which you wish to call our attention to?—Not beyond the West African rate, which seems particularly high.

131. I understand you to complain that the cost of transmission of telegrams is excessive. You have dealt with some of those, and afterwards you go to Cyprus, which is 1s. 7d., while to the neighbouring Greek and Turkish islands the Eastern Telegraph Company only charges 6½d. a word?—Yes, that is so.

132. Have you ever complained to the company of that rate?—I have not complained as to the Cyprus rate. I have made very strong representations as to the Egyptian rate, but not as regards the Cyprus rate.

133. Well, you do not know what the companies say in answer to that charge?—No, I should think they would say from here to Cyprus being altogether a cable, whereas the other by Turkey being half land lines and half cables, they are justified in making a much higher charge in consequence. I have not complained to them about it.

134. Then the next point which you wish to put before us is, I understand, to show that experience in the case of Australia proves that the gradual reduction of rates from 10s. in 1886 to 3s. 6d. per word at the present time

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\* See Appendix II

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has been steadily followed by an increase of revenue to the company concerned?—That is so. The companies have steadily set their faces against any reduction asked of them. It was only by exercising extreme pressure upon them, where Governments could exercise that pressure, and where that pressure could not be exercised by submitting to fresh concessions from the Government that these two material reductions in rates from here to Africa and Australia have been obtained, with the result that their revenue has gone up by leaps and bounds. I can give you the increase that has taken place in their revenue.

135. You contrast that increase to Australia with the stagnancy, as you describe it, of the Indian traffic?—Yes, and I attribute it to the fact that the rate is so high that it has acted restrictively as regards business—that it operated in restriction of an increase of traffic.

136. Do you put it that the telegraph traffic to India has not increased in this time?—Since the time that the reduction was made upon the Indian rate, that is, since 1878, I think the increase in traffic has been about 60 per cent., whereas the increase in traffic on the Australian messages has been something like 582 per cent.

137. Then the next point, I understand, you wish to urge is that it would be a public benefit to introduce a system of ordinary and deferred telegrams?—Yes.

138. Will you state your arguments for that?—I take my experience of the working of that system in India, and there we find that they have three different categories of messages, what they call the "urgent," the "deferred," and the "ordinary." The "urgent" is a charge of 4 annas, which is as nearly as possible 4d. and the "ordinary" is so many annas, or 2d., and the "deferred" 1d. Taking the result of the past ten years' experience, it is found that the proportion of "deferred" to "urgent" messages is as 2 to 1. I think that it would be an advisable system to introduce here in connection with public Indian cables, because there are only certain hours that you can telegraph to India with any advantage as regards time. For instance, if you were to telegraph from India at 6 o'clock at night, you would not get the message here till the next day; owing to the difference in time there are only 6 or 7 hours during which you can advantageously send a telegram and get it here in time for business. So that you have something like about 12 or 14 hours of the cables either doing nothing or not doing work that would justify the companies in making a very high charge; and, therefore, it seems that it might be advisable to introduce a system of deferred messages, so that when the cable is more or less inactive you might be able to take those telegrams at a reduced charge with advantage both to themselves and to the public.

139. Is that a point which has been discussed by the commercial community in the City of London?—Vaguely.

140. You do not wish to say anything more about it?—Yes, I do. I have worked out the number of words passing between England and India, and it works out 2,336,000 words in the year 1899-1900. If we take this at a rate of 2s. 3d. per word, which is the charge we recommend, the sum earned would amount to £262,000. Now, assuming that a rate of 1s. 9d. for the deferred class of messages were instituted, it is not unreasonable to suppose that this would create a volume of traffic which does not or hardly exists at present, but I take this to amount to one-half of the present number of words; instead of taking the Indian experience, which is twice as much as the "ordinary," I take it only as half. That gives an additional sum of £102,260 for "deferred," £262,970 for "ordinary," or, in all, £365,236, which is very much more than sufficient to pay working expenses.

141. (Lord Londonderry.) Have you gone into the question of land routes to India?—I have gone into the question of land routes to India—the alternative land routes. I have the outlines of the projects here\*

142. (Chairman.) If there is anything more, please say it?—I also went into the question of the starting of a new cable to India, as to what the cost would be, what would be the approximate number of words which it was capable of carrying, and how it would pay upon the basis of 1s. per word.

143. (Lord Onslow.) Is this an all-sea cable?—Yes, on the basis of 1s. per word to India. The reason I went into this was that after my speech in the House of Commons in May, the Eastern Telegraph Company issued a sort of pamphlet rebutting the arguments I

used, and pointing out how absurd it was my recommending the reduction of the rate to 1s. a word, because a new cable to India cost a million and a half, and working 14 hours a day with a number of paying words—7½ paying words per minute would only leave a return of 1·06 per cent. I thought it a very odd thing, and I went into the calculation, and I took their own capital of one million and a half as a basis, but I did not see why this cable, which was going to cost so much money, should not work more than 14 hours a day, and why it should not be duplexed. The matter of duplexing was gone into by the Pacific cable scheme, and I have all the evidence there. If you duplexed this cable, and made it work 24 hours a day, which a new cable is perfectly capable of doing, the carrying capacity of this cable would be something like seven millions of words. Then I added, in order to allow for the increase of working expenses which would be involved by being made to work more than estimated by the Eastern Company, I allowed £15,000 over and above their basis of expenditure. I took their capital and their expenditure and allowed £15,000 over and above that, and my calculation gave a return of 16 per cent instead of 1·06, which the company say a new cable would produce.

144. (Lord Hardwicke.) What route is this new cable?—It must be through Egypt or through Turkey—practically the same route.

145. And you propose it to be a Government line. Have you considered the monopoly of the Eastern Company in the Suez Canal?—You could avoid that by going by El Arich.

146. It would not be all-British?—No; that you cannot avoid—it is absolutely impossible.

147. (Sir John Ardagh.) May I make a suggestion. You have spoken of duplexing a cable?—Yes.

148. The public, on hearing of duplexing a cable, understand that it is laying another cable. Would you mind explaining what you mean by a duplex system?—I mean that the thing is worked simultaneously. The cable should be able to work simultaneously at both ends. I always understood that was the meaning of it—instead of the simplex. It is simplex where the instruments are so constructed that they work only at one end, and the duplex works at both ends.

149. (Lord Londonderry.) I have not had the advantage, like the Chairman, of seeing your memorandum. I have only been able to realise your views from the speech which you made in the House of Commons on May 22nd. On that I may base your arguments for the formation of this Committee. Well, the first remarks you made were with regard to the inefficient arrangements of the companies and the numerous breakdowns?—Yes.

150. You alluded to China and the Far East in reply to the Chairman, but in your speech in the House of Commons you alluded to the breakdown between this country and the Cape?—Yes.

151. And you more or less stated from the official records "that from the 31st of October last to the 31st of January of this year—a period of 92 days—either one or the other of the cables has been interrupted for no less than a period of 62 days, or something like 74 per cent. of the whole time." You do not mean to say that there was no communication at all between this country and the Cape at that time?—We were within an ace of an interruption to both the East and the West African lines on one occasion—within 40 hours. But now, of course, that has been to a great extent remedied by the new cable from Porthcurno *via* St. Vincent to the Cape.

152. But there is an impression abroad from your speech that there has been no communication at all, whereas the total interruption in the last five years has only been on an average ten days a year?—On an average of five years.

153. Ten days in a year during the last five years was the total interruption on both routes. Your speech rather gave the impression to the public that it was quite different. Now, from that I want to ask you these questions?—I have got the interruptions. They are official—the Berne interruptions and China interruptions.

154. I am only dealing with your speech?—That was all based upon the Berne information.

155. In your speech in the House of Commons on the 22nd of May last, you mentioned that the efforts to obtain a reduction in the charge to India had been signally defeated by the Eastern Telegraph Company at the International Conference at Budapest?—Yes.

156. And then you went on to ask the House how

\* See Appendix II.



it thought these important issues were decided at Conferences, pointing out that, as each State had equal voting power, Great Britain had no greater authority than Roumania, Venezuela, or Luxemburg. Would you explain how these States were concerned in the defeat of this country's delegates, which you say was due to the action of the Eastern Telegraph Company?—It is an extraordinary thing that these private companies who have no *locus standi* upon these Conferences—they have certainly no voting power—yet they were able to veto the combined remonstrances of the representatives both of the Imperial delegates and the Indian delegates to obtain some reduction upon the Indian tariff. How it is done I cannot say. I was not there myself, and I do not know how it was done. But there the fact is that each of the Powers voting at the table, their votes have equal value.

157. But Venezuela did not vote, and she is not a member?—They may not have voted.

158. I only take your speech in the House of Commons?—I cannot say who voted. I know that Venezuela can vote.

159. She is not a member?—Then if that is the case, cases of a similar kind took place.

160. Are you aware that Russia, with her immense empire, has only one vote, while the British Empire has twelve? I am putting this question to get you to explain your speech. Those are the only data I have to go upon—your speech?—I do not see Venezuela mentioned, but I may have said it to show what small Powers who have no cables, who do not own a single cable, should have the same vote as Great Britain, who owns 865 per cent. of the cables. There are Siam and Servia, both small States, and a place like Roumania, which has no cables so far as I know.

161. Well, then, I pass to another point. You spoke of the low charge for which a Frenchman can send telegrams to the West African possessions?—Yes.

162. Are you aware that the cables to those possessions do not pay, and that they are suffering a loss?—I know they have not been paying, but that only comes back to what I was saying originally. That only shows the necessity for the State to acquire the cables and work them at an extremely moderate rate of interest.

163. Then, supposing an Englishman wishes to telegraph to India at a reduced tariff, and it has to be run at a loss, the taxpayer is to pay for it?—There is no reason why it should be run at a loss, because I have just mentioned that you can start a new cable that would not return 1·06 but 16 per cent., assuming that it works 24 hours a day. There is no reason to assume that a cable to India would be worked at a loss.

164. You rather suggested in your speech at Liverpool that a telegram to India should be sent at the rate of 1s. per word?—I have taken this calculation at 1s. per word.

165. I see by your speech you said from London to Fao 6d. and Afghanistan 4d. If you take the approximate rate to Russia it is 11d.?—You must take it on the European basis. You can do it on the European basis. I can work it out. Which route do you mean?

166. From London to Kushk, Afghanistan?—Is that the Kushk on the North-Western frontier of Afghanistan?

167. Yes?—It would be necessary to go 450 miles on land lines *via* Herat and Kandahar. The rates would be from Great Britain 10 centimes, the Anglo-German cable 15 centimes or 1½d., Germany 1d.

168. (Lord Hardwicke.) Where do you get that from?—From the Telegraph Convention. These are the European and the Extra-European. I work it out giving Russia 25, according to the Convention, allowing a very liberal sum of 40 centimes for transit through Afghanistan, and also adding the 2d. Indian internal rate, we get a total of 1s. per word, including the Anglo-German cable, 15 centimes.

169. (Lord Londonderry.) At present the Russian is 11d.?—That is the Extra-European.

170. You are proposing to make a different line entirely?—Under the European régime.

171. You could arrange that with all the other Powers?—This clause, in the International Telegraph Convention gives the option to any of the adhering Powers to declare which régime they will adopt. Why should India be debarred from the enjoyment of that clause? It says:—"Administrations which possess out

of Europe lines for which they have given their adhesion to the Convention declare which of the two systems, European or Extra-European, they intend to apply to them; and as throwing light upon this clause I will show you what an arbitrary geographical demarcation is already adopted. The European régime comprises all the countries of Europe, as well as Algiers, Tunis, Russia in the Caucasus, Turkey in Asia, Senegal, the coast of Morocco, and other countries.

172. According to your calculation, are you convinced that Afghanistan would accept your rate of 4d. per word?—There would be no difficulty about getting it to accept, but the difficulty would be to look after the lines at all—the tribes are so unruly. There would not be a question of financial difficulty, but rather more political trouble. The Ameer has already shown himself disinclined to have anything to do with telegraphs. But you can avoid that by going south of Afghanistan through Baluchistan, which is a sort of trade centre.\*

173. Then in the course of your speech in the House of Commons you spoke of an absence of a policy on the part of successive Administrations in this country and you described that as "a sort of hand to mouth proceeding—going in for competition against private companies one day and encouraging private enterprise against their own people another day." Can you give an instance of competition against private companies, and how private enterprise has been encouraged against our own people?—The most salient instance is the case of the Pacific cable, which is directly entering into competition with private companies.

174. That is the only one you can enumerate at the present moment?—There is Singapore to Hong Kong. That is not exactly competition, because it was entered into with the Eastern Extension Telegraph Company with the proviso of expropriation. It must to a certain extent take some of their direct traffic from Singapore to Hong Kong. This new line, which is more or less of a strategical line —

175. But in your speech you made out that there were several lines in competition. That is the only one?—Yes. Well, there was the Cape to Mauritius line which was contemplated. The idea was they could go from the Cape to Mauritius and from Mauritius to Ceylon and India.

176. It has not gone any further?—No.

177. The only one is the Pacific cable?—And Singapore to Hong Kong.

178. With regard to that speech you made at the Liverpool Chamber of Commerce you said an ideal system of charge would be one of zones?—Yes.

179. The inner zone to include the European system at 1d. per word, the second to include Egypt, Persia, India, and Afghanistan at a rate of 6d. per word, and the outer zone to include the rest of the world at 1s. per word. Do you adhere to that plan?—The rest of the world at 1s.?

180. Yes, do you adhere to that?—It is an ideal arrangement. Whether it could be worked out—

181. That is exactly it?—And worked without friction, after obtaining the adhesion of all the States who would be interested in carrying it out properly, that would be very much to be desired. Of course, I threw it out as a suggestion. I had to make several suggestions, and place alternative schemes before them. It may be a counsel of perfection. Of course I cannot say exactly whether it could be worked out, but if it could it would be advisable. I do not see any very insuperable difficulties about it.

182. You think it could be carried out?—Yes, upon the basis of the Postal Union, but not on the basis of the Telegraph Convention, which is very arbitrary, and contains a great many provisions which are unjust and unjustifiable. But on the basis of the Postal Union it is perfectly feasible.

183. You mean making the two zones?—Yes.

184. And how would that come to 1d. in Europe if you made one internal rate?—What is the internal combined charge between this and France? It is only 1d.

185. Yes, in this country you cannot send any telegram under 6d.?—You can send a word for a halfpenny. You could have a minimum charge of 6d. or something of that sort.

\* See Appendix II.

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186. This is what I want to ask you. About the agreement of 1879, do you remember that the cable communication was originally required for military and administrative purposes and when there was no sign of the present development of business in South Africa—am I to understand that if you yourself had negotiated the agreement it would have occurred to you to insert provisions which would have prevented the Eastern and South African Company from acquiring any control over a possible rival cable on the West Coast which was not at the time even dreamt of. Would you have prevented us having any chance, or anybody else laying a rival cable on the West Coast of Africa?—That is a question which must depend upon the circumstances of the day. I suppose it was a strategical cable of some importance; and if it were found that no other private company would be willing to undertake the construction of such a cable except on exclusive rights, I should naturally give them exclusive rights for a limited number of years. That is merely a question of pros and cons to see whether the balance of advantage lies on the one side or the other, and you act accordingly. Each case must go on its own merits.

187. But if it had not been for that there could have been no communication with Cape Town at the present moment?—Possibly not. This is the west route you are speaking of?

188. Yes?—What complaint do I make about that?

189. I was merely asking you?—A good many of my complaints were made necessarily upon imperfect information. I had not been able to get documents. I had to grope my way in the dark, and as the things struck me I took them, and it was for the Government to rebut the points I brought forward.

190. With regard to what you said here, you talk about the purchase of these cables by the State?—Yes.

191. And you appraised them to be worth four millions of money?—It is subject to correction. I only appraised those that I considered were really worth purchasing. There are other cables, which will have to be purchased at their market value, which is very little, or which will have to be completely renewed.

But the efficient cables, roughly speaking, would not come to more than five millions, the principal ones being the one from here to Bombay—*via* Egypt; from Aden to Bombay there are three lines, but they are not all efficient.

191\*. Well then, in the course of your replies to the Chairman you used the expression "the company squeezed." was not that the expression?—Yes.

192. I think you will allow that there have been considerable concessions and reductions made within the last year?—South Africa and Australia?

193. In West Africa, in which you yourself voted?—What reduction? I am not aware of any; it may have been made.

194. There have been considerable reductions?—I am glad to hear it. I have not been informed of them.

195. (Lord Onslow.) It is in the Post Office Guide?—I have not got it here.

196. (Lord Londonderry.) I do not quite gather what your views are with regard to the power which the Government have in connection with landing, which is, after all, the only control which the Government have over those cables?—Foreign-owned cables or British, do you mean?

197. I do not quite gather what your views were on that point?—My views were that we should have free trade in cables, and when this system of free trade all round in cables is finally decided upon by the State that then it would not be necessary to enter into any stipulations with British cable companies with regard to rates.

198. Do you mean that by refusing to allow foreign Powers to land cables you can, more or less, arrange what the rates shall be?—No. If you allow foreign companies to have landing rights—but, I think, we are rather at cross purposes. My idea of free-trade in cables is only in connection with foreign countries to other foreign countries passing through England.

199. Now, I understand; I did not understand you before?—For instance, that German cable, Emden to New York.

## SECOND DAY.

Wednesday, 20th February, 1901.

PRESENT:

The LORD BALFOUR OF BURLEIGH K.T., (Chairman).

The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C.M.G.

Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.

ROLAND WILKINS, Esq., Secretary.  
J. H. LINDSAY, Esq., Assistant Secretary.

Sir EDWARD SASSOON, Bart., M.P., re-called; and further Examined.

Sir  
E. Sassoon,  
Bart., M.P.  
20 Feb. 1901.

200. (Lord Onslow.) I think you have two main objects. You want to get a reduction of rates, and to obtain as far as possible cables which shall touch only British ports?—Precisely.

201. I think you brought that prominently before the public, first of all, in May of last year, in the House of Commons?—Yes.

202. And since then, nine months ago only, a great deal has happened in the direction that you seek under both those heads, has there not?—Yes, generally.

203. For example, there is about to be laid an all-British cable, *via* Canada and across the Pacific, to Australia?—Yes.

204. So far that is to the good?—Yes.

205. Then, another cable is being laid from Porthcurno to Cape Verd, Madeira, Ascension, St. Helena, and the Cape?—Yes.

206. And another cable is being laid from the Cape to Mauritius, to Keeling (Cocos), and West Australia,

practically going all round the world with two cables, all-British, excepting Cape Verd and Madeira?—That is so.

207. Both those have been laid since you made your speech in May last, and, therefore, do you not think that that very largely meets what your requirements were at that time?—Yes, it certainly does. But the question of the reduction of rates as regards places other than Australia and Africa has not been sufficiently touched.

208.—You say they have not been sufficiently touched. What do you mean?—Because, with regard to India, it has not been touched at all.

209. I ventured yesterday to suggest to you that perhaps the comparison of the rates of the Post Office Guide in May, 1900, and for the present month, might give some useful information upon that subject?—Yes.

210. Are you aware that the rate to Corea has been

reduced from 7s. to 6s. ?—By the Great Northern, yes; by the Eastern Company it is still 7s. 9d.

211. And that on the rate to British Central Africa there is a reduction from 4s. 5d. to 3s. 11d.; to Brazil, South America, from 4s. 6d. to 4s. 2d.; to Cuba, from 2s. 6d. to 1s. 10d.; and to Australia generally, from 4s. 11d. to 3s. 4d. ?—Those are not the figures given in the January Postal Guide. In regard to Australia the reduction has been inaugurated in principle, but is not yet in force owing to the action of the Victorian Government, who are said to be stipulating for some joint-purse arrangement with the Canadian Pacific Board.

212. I ask you then, from those particular parts, all over the globe, have there not been material reductions since you made your speech in 1900?—Oh, no, the rate to Australia, I think you mentioned, was from 9s. 4d.—the rate last year, when I made my speech, was 4s. 9d.

213. And is now?—3s. 6d. It is not altogether established, because it appears that the Victorian Government refuse to assent to the reduction unless the parties connected with the Pacific cable agree to some sort of joint-purse arrangement in order to protect the Eastern Extension Company. That is the information I have by telegram from Victoria. The 3s. 6d. rate is practically inaugurated, though not in force all over Australia.

214. I will not go into that question—it is not settled—it is still *sub judice*. But, substantially, there has been a considerable reduction?—I admit that this is so far satisfactory.

215. Now, I wish to ask a few questions as to the several cables which you propose to the Committee should be laid, I think, by Government, or under Government auspices. Perhaps you would not mind taking them *seriatim*, and giving the Committee the benefit of your opinion as to the advantages of those cables upon two grounds, the strategical ground in the first place, and the commercial advantage in the second, and in that you include the reduction on the rates. The first one is one cable practically?—There is this spur from Cocos Islands to Ceylon.

216. You did not mention that, did you?—I did not have time to mention it—Cocos to Ceylon.

217. I thought you gave us all the schemes you proposed?—It must have been my mistake. It is a very important thing, from the point of view of this connection with India. There have been alternative schemes for connecting India with this Cape-Australia route. One is to connect it by a spur cable from Rodriguez to Ceylon, another by a cable from Cocos to Ceylon. Personally, my Committee consider that the Cocos route would be the more advantageous.

218. It is marked Keeling on the map that we are using?—It is Keeling Islands on the map.

(*Sir John Ardagh.*) Cocos is the Colonial Office name.

219. (*Lord Onslow.*) What is the advantage of that?—The advantage it possesses over the Rodriguez alternative is that it is in deeper water by something like 350 fathoms than Rodriguez, and it is shorter by 250 nautical miles, and, of course, the advantage of it is that it will connect India with England by means of an all-British cable, with the exception, of course, of Cape Verd and St. Vincent, which is the blot upon the all-British system as far as we have gone.

220. What is the blot?—That we touch Cape Verd and Madeira.

221. That you would suggest as an alternative route from India to Australia, and from India to the Cape?—That is so.

222. Well, then, I think your next one was really almost an alternative to this one you have proposed, namely, to Thursday Island by British Borneo to Sarawak and Singapore?—Precisely.

223. Would not your requirements in regard to an alternative cable not touching at any foreign port be met by the new Pacific cable?—Yes, it would, if you had the Cocos-Ceylon connection.

224. I am speaking of the one to Thursday Island or Port Darwin to Singapore?—I do not attach great importance to that.

225. The next was Seychelles to Aden?—Ascension to Barbados.

226. I will take them in what order you like—from Ascension to Barbados. I do not think you mentioned that yesterday?—I do not know how it was.

227. We will take it from Ascension to Barbados?—There is a long stretch of 3,300 nautical miles, but it will complete the route from Halifax to Jamaica and then on home.

228. That is to connect with the new cable?—Yes, with the new cable.

229. From the Barbados to Ascension?—Yes, and then you will be able to get from Barbados to Jamaica, and Jamaica to Halifax, and thus home.

230. Do you imagine that that would be commercially successful?—Not at present. You would be anticipating, probably, trade demands, but at present I am not prepared to say that it would be a commercially profitable scheme.

231. Just take them in your own order?—Thursday Island to Sandakan. That is practically, as you have just mentioned, an alternative all-British route. Sandakan to Labuan—that is a very small matter. Labuan to Sarawak is also a small cable of 407 nautical miles. They really represent strategical advantages in the event of any trouble in the Malay Peninsula and Borneo.

232. All of which would be equally obtained by the Pacific cable—Canada to Australia?—Yes. Seychelles Island to Aden; that would be an alternative cable in the event of any interruption between the Aden-Lorenço Marques cable; though I understand that Seychelles is very much under French influence—I believe the authorities have set their faces against it very much.

233. There is also a cable from Zanzibar to Seychelles?—I do not know of that.

(*Sir John Ardagh.*) Yes; Seychelles is midway on the cable between Mauritius and Zanzibar.

234. (*Lord Onslow.*) So that what you thought it was necessary to obtain already exists as a cable from Aden to the East Coast of Africa and from Zanzibar to Seychelles?—Yes, that will be an occasional cable.

235. And there will be also a connection between Australia and Mauritius and Seychelles. That will be an alternative cable to Seychelles?—Yes.

236. And also a cable from the Mauritius to the Cape—an alternative route again?—Precisely.

237. Will you go on?—Then Bathurst to Gibraltar. If you get that cable also you will avoid going through French and Portuguese territory.

238. Portugal is not unfriendly to this country?—No.

239. And it is not a power that we are likely to be embroiled with in any great European disturbance?—I hope not.

240. On the other hand, the hinterland is to be avoided?—Yes, to a certain extent the hinterland belongs to Germany.

241. Do you think that a cable touching at Bathurst, and going on from there to the Cape by Ascension and St. Helena, would be more secure than one going from Cape Verd and Madeira?—No, I think the ideal would be to connect Sierra Leone with Gibraltar.

242. Is there not an advantage in being as far as possible in deep sea rather than having a long coast line?—Absolutely so. Then Jamaica to Barbados, that and Barbados to Ascension, are the two links which prevent the all-British cable from being complete between this and all the islands in British North America.

243. Barbados has already telegraphic communication?—But not between Jamaica and Barbados. I believe there is some idea of having a cable between Jamaica and St. Lucia. We now touch at Porto Rico, so that if you had this cable you would avoid American territory.

244. You do not suppose that that cable would be commercially profitable?—No. The next thing is Jamaica-Belize, which is also a strategical cable.

245. There is no communication with Belize?—Not except by the land lines. Then Falkland Islands and Port Harburn—I mention that because Stanley Harbour in the Falkland Islands is being fortified. There is a very wide stretch of ocean unprovided with cables.

246. It is not in this map?—Of course, Tristan d'Acunha would break the cable.

247. And then Tristan d'Acunha to Cape Town?—Yes.

248. That would be a considerable length of cable?—1,650 miles.

249. The two cables together—Falkland and the other—would mean what?—A little under 4,100 miles.

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250. That would be very expensive?—Yes, that would be a matter for strategists to pronounce upon.

251. It would have to have very great advantages to recommend it, to induce anybody to lay it?—I do not anticipate any commercial advantages at present. That completes the thing.

252. I think you did mention two more. You have not mentioned this one from Gibraltar to Valencia?—That is an alternative cable; it is of no particular advantage. I do not think I mentioned that.

253. I took it down from you: 1,350 miles you gave as the distance?—It is not down in my list.

254. At any rate you do not put it forward now. There is another—Durban to Cape Town. What is the object of that?—The object of it is that land lines are much more subject to interruption than cables, provided they are laid in sufficiently deep water, and the experience of the present war shows that constant interruptions have taken place along this long line between Cape Colony and Durban, of 1,100 miles. If you had a cable, it would supplement the land line in the event of the latter being interrupted.

255. Would it not be cheaper to supplement the land line by another land line?—Not in view of the frequency of the interruptions of land lines.

256. Cannot you put on many land lines for the cost of one cable?—You could. You remember the instances of the land line being tapped when the yeomanry received false information.

257. But you must not contemplate a state of war always in South Africa, and to have to provide for such for all time?—I hope not.

258. Therefore, when the country comes back into British possession, that danger may be eliminated?—I hardly think that the enormous increase that the laying of several alternative land lines would involve would justify that.

259. Is it not a fact that all along the East Coast of Africa there is a tremendous scour, which makes it always difficult to keep a cable in repair?—It causes a great deal of wear and tear, owing to the shallowness of the water.

260. I do want to know exactly what are your views with regard to the alternative proposals of exacting terms for land rights and granting land rights to all and sundry without conditions and terms. First of all, do I understand that you would give free access to our shores to cable companies of all foreign powers as well as to our own?—Yes, assuming they only use England as a mid-way passage to foreign countries.

261. (Chairman.) When you say England, what do you mean?—Great Britain.

262. But there is Ireland too?—And Ireland too.

263. Say the United Kingdom?—Yes, the United Kingdom. So long as a foreign company or foreign power seeks for landing rights on our shores in the United Kingdom, to go to some foreign territory that is not under our sphere of influence, I should give absolutely free access.

264. (Lord Onslow.) As a passage?—With a reasonable proviso that in the event of hostilities breaking out between this country and the country having that concession, or between two countries friendly to Great Britain; in that case the Government should be empowered to take possession of the cable offices in order to prevent any possible or inadvertent infringement of the laws of neutrality. A Government may not choose to exercise that right, but it is well to have it. Then there is another thing, that no exclusive rights should be granted to any company asking for landing concessions, and that there should be reciprocity when granting that concession in the United Kingdom.

265. If we allow other nations to land on English soil, they should give us the right to land on their soil whenever we want to do so, I suppose?—Yes.

266. You do not intend that to apply to the British Empire at large?—Certainly not. The terms that I apply to people asking for concessions within the Empire, whether British companies or foreign companies, would be exactly the same. I should ask for the same stipulations, exact the same rights, in the one case as in the other.

267. You would treat British companies in a quite different way—the British companies are certain to land their cables in the United Kingdom. How would you treat them?—From where?

258. From anywhere?—I should make a decided distinction between two points of British territory within Imperial control and Great Britain on the one hand, and foreign territory on the other.

268. Let us take a concrete case. We will assume that the Eastern Extension Company wishes to put a cable from the Cape to Madeira, Cape Verd, and Porthcurno, and applies to the Government for permission to land their cable at Porthcurno. That is coming direct from Portuguese territory; how could you deal with that?—That is an exceptional case. If we are going to insist in future upon all-British cables, that would hardly occur.

270. Do I understand that you would impose different terms on a company laying an all-British cable and one not laying an all-British cable—is that to force them to lay all-British cables?—It depends upon the origin of the cable and the termination of the cable. If they are both on British soil and under British influence—

271. Whether they pass through foreign countries or not?—Yes; I should treat them in exactly the same way whether they were British or foreign.

272. (Chairman.) Where is the end or origin of a cable? If you have a cable laid round the world from point to point, how do you say this or that point is the point of origin?—Say between Australia and England, if they pass through foreign territory, I should treat them differently, favouring all-British routes, and exacting from others even more stringent requirements in return for landing rights.

273. But is that condition satisfied or implemented by the fact that it goes to Madeira, which is Portuguese territory?—Yes.

274. But I understood you to say that because its origin was at Cape Town you would treat it in the same way as if it were all-British?—I beg your pardon, I do not think that would be within the lines of my policy.

275. (Lord Onslow.) Would you exercise the Government's rights of preventing or admitting land rights, in order to compel the companies to utilise British landing places for the whole of their cables?—No; that would be too arbitrary a measure to take, but I should certainly favour those companies who choose all-British routes by giving them better terms as regards the scale of charges leviable and conditions of expropriation.

276. (Chairman.) How do you define an all-British route?—I would define it as one only touching on British territory, or territory within the sphere of British influence.

277. Then a cable from Cape Town to Madeira, and then to any part of the coast of the British Islands would not be an all-British cable?—Not so far as they touch foreign territory.

(Chairman.) I think you will find that to be inconsistent with your answer to Lord Onslow a little time ago?—I think not.

278. (Lord Onslow.) I presume that your main object in getting those cables to touch only all-British territory is that they may be more easily defended in time of war?—Partly more easily defended in time of war, and that they should be absolutely under our control in the event of war, or even in the event of an outbreak of hostilities in portions of Europe or other parts of the world where it would be advantageous to us to know that this cable communication is not being tapped for some belligerent power.

279. When you say that do you mean that it will be not only at their landing places, but on the whole of their course under the sea?—Yes; not necessarily—some of them would probably not follow commercial routes.

280. That is the point. Is it not rather important for the convenience of the cables that they will, as far as possible, lie along commercial routes, where His Majesty's ships are likely to protect them rather than in outlying parts of the world? Is that an important consideration?—It is certainly an important consideration, but it is neutralised to a great extent by the fact that we shall not have the same control over the cable if it passes over a foreign territory. After all, if it happens to be in an out-of-the-way place, it will be just as difficult for a foreign ship to cut that cable as it would be for us to defend it, so that it is practically the same thing.

(Lord Onslow.) I will not go into that, though I do not agree with it quite.

281. (*Lord Hardwicke.*) I think Sir Edward Sassoon should know that as long ago as the 1st of June, 1899, the Indian Government were endeavouring to reduce their rates under the Joint Purse, and various communications have passed between the India Office and the Government and the companies concerned, but it was only on the 15th of this month that the last despatch was sent to India on the subject. This despatch, after setting forth the various negotiations on the subject, it refers to the appointment of this Committee, and then it says: In the meantime His Majesty's Government has decided to appoint an inter-departmental Committee on the system of cable telegraphs of the Empire. Then it gives the terms of the reference, and it proceeds: "In these circumstances I propose to call the special attention of the Committee to the subject of the rates between Great Britain and India, and to await the result of their deliberations." On the 1st of June, 1899, the Indian Government were willing to reduce their rates as far as they possibly could. In his despatch of the 15th of this month Lord George Hamilton says the Indian Government "requested that negotiations be entered into with the Telegraph Companies in order to ascertain on what financial conditions they would accept a 50 per cent. reduction of the rates, and they thought that the companies might reasonably be expected to bear a large share of the immediate loss of revenue which might be expected to ensue upon so considerable reduction in the tariff." Communications were made to the Treasury, to ask whether they would participate in any guarantee. Then, in a letter of the 28th of February, 1900, "the Eastern Telegraph Company submitted proposals for an immediate reduction of the tariff"—that is before the debate in the House of Commons—"and negotiations were entered into with that company, in the course of which a proposal was made for an immediate reduction to 2s. 6d. per word, on the understanding that if at any time after the introduction of the 2s. 6d. rate the average revenue of the three preceding years, whether wholly at 2s. 6d., or partly at 2s. 6d. and partly at 4s. a word, shall amount to £360,000, a rate of 2s. a word will be at once introduced"—The standard earning is taken at £360,000.

282. Yes; and if that amount is reached a 2s. rate would be introduced.

(*After discussion.*)

283. You referred to a letter of the Director-General of Telegraphs in Germany. You were corresponding with him in November, just at the time that the Indo-European Telegraph Company had their representative in Berlin endeavouring to get the German Government to agree to a reduction of the rates under the proposals made by the Government of India. Have you any objection to put in the correspondence?—I am afraid it would be hardly fair to him. I have not got copies of my letters to him, only that letter I read to you; but I have no objection to let you look at it. I think it would be hardly fair to him, without asking for his permission, to have it published. I can ask him for permission.

284. I understood from the letter of the Director-General that they could not reduce their transit rate any further?—Not only could they not reduce their rates any further, but they expected to have an increase in the royalty.

285. So far as the Joint Purse is concerned no decrease in the royalty was necessary. They would be perfectly willing to reduce the rate to India, but the German Government have it in their power, under the concession granted to the Indo-European Company, to veto the proposed reduction in the rates?—I understood from the memorandum issued by the India Office that they objected to the proportionate reduction of their royalties.

286. It may have been so with regard to the Indo-European Company, but so far as the Indian Government was concerned, there was no necessity to propose to Germany any reduction of royalty, because of the guarantee which the Indian Government had given?—It was merely a gratuitous thing on their part.

287. But the German Government wished to get a *quid pro quo* in Ireland, and said that unless the English Government would give them what they wanted in Ireland, they would not do what the English Government wanted in Germany. Therefore, I thought if you could put in the correspondence it would assist the Committee as to how far the negotiations which took place in Germany between the Indo-European Company and the Director-General

were in the interests of the Joint Purse?—I shall write off at once and ask the Director-General's permission to publish the correspondence. It would be hardly fair to him to do it without his permission.

288. What you have said before this Committee—is it your own personal opinion, or do you speak on behalf of the Committee of the House of Commons?—On behalf of the Committee of the House of Commons absolutely.

289. Because, of course, a committee of the House of Commons carries a considerable weight with the House?—It is a very numerous committee.

290. How many members are there?—Practically 150 members.

291. It is a self-appointed committee?—Yes; you can compare it to the Service Committee.

292. It represents the whole of the mercantile and commercial part of the House, I suppose?—There was no dissentient voice.

293. I want you to go back to your speech for a moment where you said that nothing would satisfy you but a reduction to 1s. a word to India. Do you remember it?—I said the ultimate reduction to 1s.

294. How do you propose with the Joint Purse, etc., of the Eastern Company and the Indo-European Company, quite apart from the Indian Government Department that it will be possible to make it pay at all at anything like 1s. a word rate?—I assume the construction of a new cable would cost about a million. I have worked out the carrying capacity of that cable.

295. How do you think that after the statement you made yesterday that would be possible?—If you reduced the rate to 1s. the increase in traffic would be so enormous and so considerable that it would more than repay any loss that would occur immediately on the inception of the reduction. That is my impression. The same thing would occur with regard to Indian traffic that has actually occurred with such undoubted success with regard to Australian traffic.

296. I wish to put one or two questions with regard to that Australian traffic. I suppose you will admit that during the last ten years, since 1891, there has been an enormous increase in the prosperity of Australia—there has been a large increase in the mining industry, for instance?—Within the last three or four years, but the normal rate of increase in Australian traffic began long before this boom, as you might call it.

297. How is it that the rate had to be put on again?—Nonsense; the companies did not want it. The Colonial Governments guaranteed the reduction from 9s. 4d. to 4s. on the 4s. rate. They asked for the rate to be raised to 4s. 9d. after two and three years of experience. It so happened that virtually the whole of the deficit resulting from the reduction from 9s. 4d. to 4s. 9d. was recouped in the following year. The deficit on the 4s. rate would have been more than recouped. The first year the reduction in the deficit was about £50,000, and in the second year £45,000. I have not the exact figures.

298. But you said yesterday, I think, that the joint purse did not affect the Indo-European Department satisfactorily, because they put in just as much as they took out?—The Indian Government paid in a great deal more than they took out. That is one of the points of grievance with regard to the Indian Government.

299. I am talking about the Australian joint purse, not the Indo-European Joint Purse?—I have a list of the amounts paid by the Indian Government which was more than they took out. The amounts are £99,463 paid in; they drew out £52,586; leaving a difference of £46,877, which the Indian Government paid in more than it took out.

300. Is that quite a fair way to look at it? Is not the reasonable way to see how much they were making before they joined the joint purse, and how much they put into the joint purse before the reduction of the rates was started? I have got the figures that they paid in, £9,000, and they took out £5,600—that is for 1892-3. But now they put in £20,000, and took out £10,000?—I am taking it from the year 1891.

301. Then in 1898-1900 they paid in £20,000 and took out £10,840?—Yes. I am taking the amount paid in by the Indian Government, £99,000; and they drew out £52,000 in the seven years between 1891-2 and 1897-8.

302. On the other hand, before the joint purse was adopted they were not making so much. It has been to the benefit of the Department to be in the joint purse.

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Your argument is that they are throwing money away?—Taking the volume of increase that has shown itself in the Australian messages since the reduction took place, we have no reason to assume that this increased revenue that has occurred to the Indian Department would not have occurred without entering into this Australian Message Fund Agreement.

303. Without the joint purse at all?—Yes.

304. Not, so far as I understand, necessarily, because they were in the joint purse of the Indo-Indian extension?—But when they want to send messages they are obliged to pass through Indian territory. There was no obligation to reduce the rates.

305. They made a very large reduction themselves; they reduced the inland transit from 70 centimes to 36 centimes?—The Indian Government reduced it?

306. Yes, when the joint purse was arranged to Australia?—Surely that would be an additional reason for not entering into a joint purse, which involves fresh loss to the Indian Government?

307. It does not involve further loss?—As the events prove they have paid out £36,000 more under the joint purse than they took out, and I suppose that they reduced the internal rate in India by 50 per cent.

308. That was because of the increase in the traffic?—Yes.

309. I do not see that because the Indian Government paid into the joint purse your argument is any better?—It all depends upon whether you can prove that if this joint purse had not been entered into, the revenues of the Indian Telegraph Department would have suffered.

310. Of course they would. That point I shall refer to later when I call the Director-General of the Indo-European Telegraph Department. It is a point in connection with the direct Indian route?—Of course my contention is that it would not have suffered because the Eastern Extension Company is obliged to pass through India. My point is that the Eastern Extension Company is obliged to use India in order to send these messages—they have no alternative to get these messages to Australia. It is obliged to cross Indian territory. There does not seem to be any valid reason why India should have gone out of its way to enter the joint purse, for which it got a great deal less than it paid out. If there be two routes, and the Indian Government had been told unless they entered into the joint purse rate that the other route would be adopted, involving possible loss of traffic, I could have understood it, but in view of the fact that the Eastern Extension Company were obliged to use India for the Australian messages the ball was at the feet of the Indian Government.

311. You stated with reference to the Joint Purse as regards India, that there had been an increase of 60 per cent.?—I want to correct that. There was 36 per cent. increase on the Indian traffic.

312. That is the Joint Purse traffic?—Yes, the whole of the Indian traffic as against 536 per cent. Australian increase in trans-Indian traffic.

313. I have got those official figures, and you are not quite correct there. In 1886-7 the total number of words was 2,215,000, and the net value was £352,160, and in 1899-1900 the total number of words roughly was 2,427,000, with a total net value of £365,357, therefore the increase in words was only 9½ per cent., and the increase in money 3·77 per cent.?—Are you taking the Indian messages proper?

314. Indian messages to India either by the Mediterranean route or by the German-Russian route, since 1886-7?—And you make out an increase of what?

315. An increase of 3·77 per cent.?—I have not been able to get the figures.

316. Those are the official figures?—I have taken the westward traffic to and from India for 1878-79, which amounted to 1,720,865 words, and that had only increased to 2,336,516 words in 1899-1900; that is to say, in 20 years between 1878-79 and 1899-1900 the increase has been only 615,000 words, or 36 per cent.

317. I was taking fourteen years. When was the Joint Purse started?—Yes, it was started in 1878. I have made it out to be an improvement of 36 per cent. since that time.

318. When the Joint-Purse was first started, the profit was even less, and it has been stationary for the

last ten years?—We are both trying to prove the same thing—that the traffic has not increased to any extent.

319. But you said the traffic had increased by 36 per cent.?—Yes, in 20 years—you have got 10 years. I have it as an improvement of 36 per cent. in 20 years.

320. Then there is another point: You stated yesterday that the Indian Government and the British Government sent their messages at a reduced rate?—Yes, at half rates.

321. That is not the case—they pay the full rate?—Well, it was not rebutted by Mr. Hanbury, and I distinctly mentioned it.

322. They pay the full rate. I have made inquiries. Then I wanted to ask you to discuss a little further your idea about the three classes of messages, the "urgent," the "ordinary," and the "deferred"?—Two classes.

323. You think that the rates should be 6d. more?—Between the deferred and ordinary. I have no magic for it—I suggest 6d. between the deferred and ordinary.

324. By the Convention it is allowed that an "urgent" message should be sent at three times the price?—Yes.

325. Would you advocate that idea or not?—I do not see any particular advantage in it. For Governments it might, under certain conceivable circumstances, be an advantage, but not for private people.

326. These urgent messages would be mostly sent by the business community?—That rate would be altogether prohibitory.

327. Not for business. As a business man you know perfectly well that when such urgent telegrams are sent, it is not a question of a small turnover, but, perhaps, of thousands of pounds, and you would not mind what you paid under those circumstances?—I have not heard anybody recommend urgent messages costing three times as much as ordinary messages. It would come to the same thing if everybody sent urgent messages. Two classes would be highly advisable in view of there being only certain hours of the day that you can telegraph to India—that is the only reason why.

328. The idea does not strike you as being feasible then?—It has not occurred to me, although I took the Indian rate principally. I thought that two categories would be ample.

329. When you were referring to the Governments not exercising any control, were not you referring equally to the Indian line—the Joint-Purse line?—Yes.

330. Because, as a matter of fact, they do exercise control. Every message that goes to India is delivered by the Indian Government officials?—I mean control with regard to rates.

331. You were only referring to rates?—Obviously, if the Indo-European Telegraph Department has charge of the messages, it must be in a position to control them themselves.

332. Now, I want to come back to the question of the reduction of rates and the suggestion of the Indian Government declaring for the European régime. You gave it as a reason yesterday that India should join inasmuch as Russia in the Caucasus, and Turkey in Asia had declared for the European rate. Is that so?—That is so.

333. You know that, under the Convention, these two countries are allowed to charge extra rates?—Which?

334. Those two, Russia and Turkey. They are specially allowed to charge extra rates?—Yes.

335. Therefore, though they declare for the European rate, they do not charge the European rate?—That is only another instance of the arbitrary character of the clauses of the Convention.

336. Did you know that?—Yes, I did.

337. Then, supposing India declared for the European rate, would it necessarily have to charge a European rate for its messages that went over the cable line?—No.

338. Could India declare for a reduction of the rate as regards the land route, and not as regards the cable route?—Not under the Convention—it could not. But I should avoid Russian territory. I should undertake



to avoid Russian territory by means of a scheme to which I shall refer presently.

339. But you suggested some new routes yesterday, one of which went through Baluchistan and the other through Afghanistan, and they both must go through Russian territory?—They are alternative routes, but I do not think that they are as practical as the others.

340. You say that under the Convention a European rate cannot be charged for the land route, where there are alternative routes, if it is not charged for the cable route—you admitted that?—I do not quite grasp the question.

341. There is the cable route and the land route. You suggested yesterday some alternative land routes?—Yes.

342. And you suggested that India should declare for the European rate?—Yes.

343. You say that under the Convention they could not declare for the European rate unless they declared for that European rate by the cable which goes through the Mediterranean, do you not?—Not necessarily.

344. You think that India could declare for a land rate?—Yes, the direct cable from here to India would not come within the purview of the Convention at all—it need not.

345. Therefore, you think a new cable, which you suggest, should not have anything to do with the Convention?—Quite so. If you could not get the reasonable rate to India on account of the obstacles you suggest, you should not have anything to do with the Convention. You have got the clause in the Convention empowering you to withdraw from it—giving a year's notice, and then joining it on other conditions, making your own stipulations. There are so many arbitrary points in that Convention.

346. Therefore, I understand you to say that you would declare for a European rate by the land route?—Yes.

347. And that the English Government, if they cannot get the rate reduced by the parties agreeing to it under the Convention, should start independent lines, and not be a party to the Convention?—Yes; they could only do it with the consent of the Egyptian Government, because the Government would have to cross Egyptian territory between this country and India. Egypt will have to agree to denounce the Convention, as well as the British Government.

348. Do you think that it will be possible for England to denounce the Convention?—Certainly, it is distinctly provided for in the Convention.

349. With all our vast system of cables, would you think it possible for our communication with the world to go on if we quarrelled with the various parties to the Convention. Would it not be possible for some countries to start making their words consist of five letters, another ten, and another fifteen?—The answer to that is, America does not adhere to the Convention, neither does Canada, and they get on very well without it.

350. The American messages do not go to any extent over those lines?—Not to an important extent. I do not think that the Anglo-American and the Commercial Cable do.

351. I do not think that it is a point which we need dwell upon. You stated it as your opinion that it is not necessary to remain a party to the Convention?—Distinctly.

352. In order to be able to carry on your cable system satisfactorily?—Distinctly. I think that we are in such a position of preponderance as regards the character and volume of cables that we own that we ought practically to dictate our terms, reasonably, I mean, to the Powers constituting the Convention. I do not say that we should do anything unreasonable or quarrel with them.

353. (Chairman.) I should like to have that "we" explained. Who are "we"?—Those owning British companies. Eighty-six per cent. of the whole world's cables are owned by the British.

354. But you would allow the companies to have some say in that policy. You say "we." I want to know whether the "we" was the Government or the cable companies?—The cables are principally owned by companies who are only able to exercise their in-

dustry by the assistance of the State which secures their landing rights.

355. Yes, they are private property?—They are private property, but they have no voting power in the Convention. Sir  
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356. (Lord Hardwicke.) Now, in reference to the new cables. You suggested that they should go through Turkish territory?—If the Egyptian difficulty were insurmountable. You are aware that the Egyptian Government receives a royalty from the Eastern Telegraph Company amounting to £6,750, and that that royalty is given to the Egyptian Government on the distinct understanding that they are not to allow any other cables than those of the Eastern Telegraph Company to run on Egyptian soil.

357. I know that?—Well, then, there is another thing, which is this: If by any chance a cable competing with the Eastern Telegraph Company and going parallel with the Egyptian frontier by El Arich to the Red Sea at Akaba; if that line were started, and competition involved a reduction of the rate now charged by the Eastern Company to Egypt, in that case the royalty paid by the Eastern Telegraph Company to the Egyptian Government would have to be proportionately reduced up to the amount of the royalty in order to repay the Eastern Company for the loss involved by this rival company.

358. The Egyptian Government would have to pay a large sum of money to the Eastern Company before they could run another cable there?—I have got the Egyptian agreement. These are the two stipulations: That no company other than the Eastern Company shall have any landing rights in Egypt, and that the amount of the royalty should be reduced by any loss that the Eastern Company might suffer by a competitive line passing near El Arich, which is in juxtaposition with Egyptian territory.

359. I was under the impression that the Egyptian Government, if they allowed another cable to compete with the Eastern cables, would have to pay the Eastern Company £200,000?—I do not know whether you are confounding the £200,000 which we can buy out the cable for, the land line between Alexandria and Suakim. The British Government can expropriate that line of the company. I have not heard of any such sum being payable by the Egyptian Government in the event of competition. It seems impossible, especially if that competition is not brought about by any direct action or intervention of the Egyptian Government. I had a copy of it, but it does not follow that my copy is the authentic one. I have got the Egyptian agreement here, which I had great difficulty in getting.

360. Do I understand that you prefer the line running through Egyptian territory?—Yes, certainly.

361. And the other line going through Turkish territory is an alternative?—Yes; it is so.

362. That would not be all-British. There is a line passing through Turkey at the present moment?—But it is most unsatisfactory.

363. And that is allowed to charge cheaper rates?—That is because it is under the European régime.

364. But still it is not popular?—No; it is not popular, although I understand that the Sultan is making unusual efforts to put it in workmanlike condition. I do not know how far it is true. I tried to get hold of the decree authorising the works, but hitherto unsuccessfully. That would be the land route I should recommend.

365. That is through Turkey?—Yes; passing through France, Italy, Otranto, Vallona, and then across the Continent to Fao, thus avoiding Germany and Russia.

366. You would prefer that to the Indo-European?—I should infinitely prefer that. You would avoid Germany, Russia, Persia, and Afghanistan, which occur in the other schemes that I suggested. It seems to me by far the simplest route, and a route that could be effected in a very short space of time.

367. You are aware that there was any amount of trouble taken to try to get the Turkish Government to allow the line to be properly worked without any success?—I know that Germany has a certain amount of influence with the Sultan, and I have reason to believe that that route between Constantinople and Fao could be put into working order, because it will be a route which will be very useful to Germany in

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connection with the new line by a place called Costanza down the Black Sea.

368. You would advocate it principally from a commercial point of view?—Absolutely.

369. By allowing Germany to work the line you put an alternative route to our cable line to India?—Yes; I know that Germany being interested, there is much more chance of carrying it out than if the Sultan himself wanted it.

370. (Chairman.) Before you leave the table, is there any point that we have missed that you would like to speak upon?—Yes, my lord. There is one point that I should like to mention as illustrating the loose way in which transactions were carried out between the State and the private companies, and that is in connection with the Singapore to Hong Kong by Labuan cable. That was in 1894. The contract was signed with the Eastern Extension Company, with the proviso that the Government should have the right to buy the cable for a specified sum of £300,000.

371. Who were the other parties to the contract besides the Eastern Telegraph Company?—The Colonial Office here. The sum specified for right of expropriation was £300,000, without stipulating as to whether at the end of the 20 years, which was the period stipulated when the right of pre-emption was to come into force, whether the cable was kept in an efficient condition or not. The Government had to pay £300,000 at the end of 20 years, whatever the state of the cable.

372. You first called it expropriation and then a right of pre-emption. Now those two expressions are inconsistent with one another; one implies an obligation to sell, and the other a right which may or may not be exercised?—The right to pre-emption I meant.

373. Then they were not obliged to exercise it?—No; but if they thought fit to exercise that right, they would have to pay £300,000 or go without it. There was a similar line in length and character of cable contracted for to be constructed by the Eastern Extension Company with the French Government, the cable going from Saigon in Cochin China to Tonkin. In that case there were four of the most important points for which we have been agitating so long, and which we think should be incorporated in any future concession. The one point as regards the scale of charges, that they were not to charge beyond a certain scale; that the right of pre-emption was to be exercised after the cable had been properly valued at the time of purchase by experts, which in the other case was simply put in as £300,000—practically more than the cable cost. There was also a right of access to the company's accounts, and of periodic inspection of the cables.

374. That means that the Eastern Telegraph Com-

pany were making a bargain with two different people, and they made a different bargain?—The French Government made a right bargain, safeguarding the public interest, and we, here, made a very bad bargain. This occurred in 1894. They were parallel cases, and I thought it would be interesting to mention them.

375. Is there any other point you wish to put before us?—No. On the question of the Egyptian rate, which I considered a rather heavy charge, I understand there is a line between Constantinople and Cairo which is allowed to remain in desuetude, in an inefficient condition, to enable the Eastern Telegraph company to maintain the present high rate to Egypt. I do not know whether Sir John Ardagh could throw any light upon it?

376. (Sir John Ardagh.) It is not for me to offer any observations why that line is out of repair, but I might call to your notice that all the Turkish lines are in an equally bad state—the Balse line is just as bad as the El Arich?—The present situation of the Indian tariff works out at 6½d. as far as Fao, and beyond that to India, which is a distance of 1,200 miles, the charge is 3s. 3½d.—for 1,200 miles; that is the actual effect if you analyse the two.

377. (Lord Hardwicke.) I think I mentioned to you that they charge a special rate?—I know they do; that is the effect of the adherence of the Indian Government to the Convention, and its connection with the Joint Purse arrangement which brings out this fact of 6½d. to Fao, and from there to India the charge is 3s. 3½d.

378. Are not you assuming that the 6½d. is European régime?—Yes.

379. As I told you, the Turkish Government are permitted by the Convention to charge an extra rate, and therefore 6½d. is not the correct rate?—For messages destined for India? Well, I was not aware of that, assuming India to be in the European régime.

380. I do not know the actual rate, but I understand that they charge an extra rate?—I was not aware of it. I only mention it in order to show that on this 1,200 miles of cable it costs 3s. 3½d., whereas for a similar distance between here and Gibraltar it costs 3d. only.

381. (Chairman.) To go back to one point. Could you give us a list of the cables which you thought you could purchase for four millions?—From four to five millions.

382. Could you give us a list of them?—I could work it out, and send it to you.\*

\* See Appendix I.

## THIRD DAY.

Tuesday, 5th March, 1901.

PRESENT:

The LORD BALFOUR OF BURLEIGH, K.T. (Chairman)

The MARQUIS OF LONDONDERY, K.G.  
The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C.M.G.

Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., B.E.  
Rear-Admiral R. N. CUSTANCE, B.E.

ROLAND WILKINS, Esq., Secretary.  
J. H. LINDSAY, Esq., Assistant Secretary.

Sir JOHN WOLFE BARRY, K.C.B., called; and Examined.

Sir  
J. W. Barry

383. (Chairman.) You are Chairman of the Eastern Telegraph Company, and you have come here at our request?—Yes, and I am also the Chairman of the Eastern Extension Company. The two companies are working together for the present.

384. Do you wish us to take the evidence of the company from you, or would you prefer that we should take it from Mr. Pender?—I have only been chairman of

the company for six months, and, therefore, I should very much prefer that you should take the evidence of the company both as to the past and the present from Mr. Pender. The only thing I may say on behalf of the company as chairman is that they are exceedingly anxious to assist the Committee in every possible way and to give every information the Committee can desire. There are certain portions of the memoranda which have been put in which are more or less private, which the



Committee will judge of when the evidence is given by Mr. Pender. I do not think I can say anything more upon the subject. The only matters which are of a general nature I have considered I may say a word upon are the amount of return on the shares which the companies obtain, which appears to me by no means excessive, looking at the risky nature of the enterprise in which they are embarked. I should also like to say that one hears a great deal of criticism on the point of the reserve funds of those companies, and I have had that matter very carefully looked into and compared with the liabilities under which the companies are, in respect of renewals and repairs over the immense

number of miles which we represent, amounting to 70,000 knots. The figures have been carefully investigated for the purpose of seeing whether on a proper estimation of the conditions of the case the reserve funds are at all excessive, and I have come to the conclusion that they are not only not excessive but not sufficient; and the figures will be laid before you in detail by the witnesses who will follow me.

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385. I understand that you do not wish to answer questions on these points, but you wish them to be referred for Mr. Pender?—If you please, my lord.

Mr. J. DENISON PENDER, called; and Examined.

386. (Chairman.) You are vice-chairman of the Eastern Telegraph Company, and a director of the Eastern Extension Telegraph Company?—Yes.

387. How long have you been connected with those companies?—A great many years—12 or 13 as a director.

388. You know the history of the transactions of the companies during that time, and their policy?—Yes.

389. And you are prepared, in conformity with the promise that Sir John Wolfe Barry gave us, to give us all the information in your power?—Certainly, we are only too anxious to do so.

390. I understand that you hand in a memorandum regarding the Associated Submarine Telegraph Companies containing information as to their formation, development, and present resources, and setting forth their policy, which I hold in my hand?—Yes, I do.

391. You are prepared to give us a short history of the various systems of tariffication which have been in existence among the countries belonging to the Telegraph Union?—Yes.

392. What was the original basis of the charges of the Telegraph Convention?—The original basis of the charges of the Telegraph Convention was a minimum of 20 words, which basis applied not only to European, but to extra-European countries.

393. Did that remain in force in European countries until the Conference of St. Petersburg in 1875?—It did.

394. Would you tell me what happened then?—When the countries were divided into European and extra-European régimes the European retained the basis of a 20 word charge, whilst the extra-European adopted a word rate.

395. What was the reason for this division?—The reason for this was that the extra-European countries depended almost entirely on the cable companies, or on long land lines through uninhabited countries, or countries where it was difficult to work and maintain telegraph wires, and consequently the charges between those countries had to be fixed at a higher rate than the charges for telegrams exchanged in Europe itself.

396. What did that result in?—In consequence of the heavy tariff for 20 words, the rates varying between £2 and £10, "packing" was largely resorted to. That to a large extent reduced the revenue of telegraph administrations.

397. Did you then introduce a word tariff?—Yes. They introduced a word tariff for extra-European correspondence to enable the sender to go direct to the telegraph office and enjoy a word rate, instead of having to send his message through a packing agency.

398. As a consequence of that, did all the European administrations insist upon having a special tariff for extra-European correspondence?—Yes, when this change was introduced all the European administrations insisted on having a special tariff for extra-European correspondence, which tariff was based on the original European tariff for 20 words, increased by 50 per cent. and then divided by 20.

399. What did that result in?—This tariff gave all the European administrations a much higher rate on extra-European correspondence than they formerly enjoyed, and it has always been a stumbling block in making reductions for countries beyond Europe.

400. So that it was in the power of any country to declare to which régime it should belong?—By a most peculiar circumstance there slipped into the Regulations of the Convention a rule which permitted a country to declare to which régime it would belong—European or extra-European.

401. Do you think that was in accordance with the intention of the telegraph companies at the St. Petersburg Conference?—It was undoubtedly the intention of the delegates at the St. Petersburg Conference that the European régime should be confined to Europe, and that all countries outside Europe should be under the extra-European régime, but by the operation of the above-mentioned rule, countries not in Europe, like Algeria and Tunis, Turkey in Asia, and Russia in Asia, and, latterly, all the French and Portuguese stations on the West Coast of Africa as far as Loanda, have declared themselves European, and there is nothing whatever to prevent any country like India, Egypt, Australia, or Cochin China declaring itself European and taking advantage of the lower tariff charged for that particular régime by the European administration.

402. Do you put that forward as a thing which is without doubt?—There is a doubt whether a State can legally declare itself European, unless some part of its boundary touches a country which has already declared itself European. For instance, it is considered doubtful whether India can declare itself European unless Persia does likewise, but in the case of India it may be said that the Indian Government cables touch Turkey, at Fao, which is already a European country.

403. What was the next step?—Since the introduction of the European and extra-European régimes a system of uniform rates has been brought into operation, between Europe on one side and different places in the Far East on the other.

404. I understand that before that change took place every country had a different tariff to India, China, and Australia?—That is so.

405. But it had been found more convenient to declare one single rate between Europe on the one side and India on the other, and for the States carrying such messages to bear the various out-payments out of this uniform rate?—That is so.

406. Would you give us an instance?—An instance may be given of the Eastern Company's tariff with India, which has been for many years five francs per word; out of this the Indian Government receive a terminal of 57½ centimes, leaving the Eastern Company 4 francs 42½ centimes for carrying the message from the frontier of India to every place in Europe. The Eastern Company's cable from Egypt runs direct to Great Britain, through Malta and Gibraltar, but it has branches connecting Greece, Turkey, Austria, Italy, France, Spain, Portugal, and Germany, and thereby it is enabled to drop the correspondence for Continental Europe from its main line, and easily maintain the uniform tariff in Europe. It is undoubtedly a great simplification of charge to the general public.

407. Is that a system adopted elsewhere?—The same system is adopted in the Far East and South Africa, and will probably be introduced into Egypt.

408. Have the various tariffs remained the same since the St. Petersburg Conference?—The various tariffs in Europe have been gradually reduced, while the tariffs for extra-European correspondence have remained practically stationary, thereby intensifying the difference which exists between the charges in European countries for European and extra-European traffic.

409. At the time when these two régimes were originally established I understand there were differences in the Regulations for the two sections?—Yes, the number of letters in the words was different. The number of figures charged in a word was different. The system of reply-paid and many other matters were entirely different under the Regulations in the two régimes. At

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Pender.

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Berlin, Paris, and Budapest these differences have been gradually removed until at the present time the only important difference—and a very important one it is—is the system of charging, and it is considered almost impossible that the Conference of London can continue the anomaly which imposes a very much higher charge for a message that passes between London and Paris if handed in by an American telegraph company in London than if handed in by a sender in London for transmission to Paris.

410. Have you any comment to make upon that? It seems very extraordinary to me. How did such a difference arise?—Extra-European telegrams are almost exclusively composed of code words. European telegrams, on the other hand, or telegrams exchanged within the confines of Europe, mostly consist of plain language. The European Administrations maintain that it is more difficult to transmit a code word than plain language, and therefore they should be paid a higher tariff for such correspondence.

411. Does that quite explain it, because as I understand from the answer you gave before this the message that was handed in in London was in one case handed in by one person and in the next case by another person?—Yes, but the difference is this, that in the case of a message from London, it is handed in by the actual sender, whilst, in the case of a message from America, it is handed over by another administration, and not by the actual sender. I may add that as far as the companies are concerned, we are prepared at the next Telegraph Conference to agree to the assimilation of the European and extra-European tariffs, but we cannot, of course, say what view the European Telegraph Administrations will take of that proposal.

412. I understand you to say that a proposition has been made for a uniform system of charge for telegraph messages exchanged between the confines of Europe. Perhaps you will kindly explain to us what that means?—It was a pet idea of the late Dr. Von Stephan, of Germany, to bring the telegraph service into harmony with the postal, and because the postal service had a charge of 2½d. for all letters exchanged in Europe, he thought it desirable that the telegraph rate for all messages within the confines of Europe should be 2½d. a word. This proposition was brought before the Budapest Conference five years ago, and was rejected. I believe that now that Von Stephan is dead it will not be brought forward again.

413. I need not take you in detail any further, but I understand that the Associated Companies put forward some suggestions the year before last based upon the assumption that a fixed revenue is sufficient for their present lines?—Yes, the Associated Companies put forward a proposition on the basis of a fixed standard revenue.

414. But I understand that this proposition is still the subject of negotiation between different Departments and yourselves?—Yes, it is.

415. At this moment we will not go into that, because what line we take upon it will require some careful consideration, and I prefer not to go into it.

416. Have you found greater difficulty of late years in obtaining landing rights for the necessary additional cables that you wish to make?—Yes, we have had a great deal of trouble the last three years, I may say, in getting landing rights.

417. Would you make that more distinct and tell us about it?—May I bring forward an instance?

418. Yes?—We were anxious to lay another cable to the Cape *via* St. Vincent, St. Helena, and Ascension, and we applied for landing rights for that cable in August, 1899, but we did not get the landing rights until May, 1900, the reason being that the Treasury wished us to lay a cable for nothing between Ascension and Sierra Leone.

419. In other words, to use a colloquial expression, "in meal or in malt," you thought the terms imposed were too high?—We were asked £150,000 for landing rights at Land's End.

420. That leads us rather to ask you your view as to the proper policy which in your opinion in the interests of this country should be pursued in the matter of landing rights?—I think that landing rights should be given whenever we apply for them.

421. And everybody else?—Yes, I think that landing rights should be given to everybody else. We perhaps

may take different views to some of the other companies because we have so many landing rights to apply for from other countries, but if Great Britain refused to grant landing rights they will be refused to us in foreign countries.

422. Have you no engagements with other people? If you do so and so landing rights would not be given to somebody else?—Do you mean exclusive rights?

423. Yes?—I do not think we have any. We have certain exclusive rights at the Azores, but I do not think we have any exclusive rights from the British Government.

424. Do you put it as broadly as this: That in your opinion the proper policy to pursue for the development of submarine cables is to give landing rights to everybody who applies for them?—Yes, I am inclined to take that view. We have preferential rights.

425. What do you mean by preferential rights?—We have the option of laying other cables if they are required for the public benefit. That is to say, the other preferential rights we have are these: that if other cables are to be laid our cable is to be purchased.

426. I should be right in saying, should I not, that the original idea of the originators of submarine telegraphy was to make those telegraph cables international, to work them independently of Governments, and to make them connecting links between every country of the globe in transacting commercial and political business?—That has been our policy.

427. And you say that British companies were so entirely first in the field that it had no effect upon the policy of foreign nations?—Yes, owing to the preponderance of British cables all nations were gradually forced to make agreements with British cable companies, with the result that up to about ten years ago the whole of the world depended upon British cables for international communications with North America, South America, with the Continent of Europe, the Mediterranean, India, China, and Australia. British submarine cable enterprise was the first to provide the benefit of instantaneous communication.

428. What was the policy of your company and the Associated Companies in this matter?—The policy of the Eastern and Associated Companies was to connect every European country with its main line, and France, Spain, Portugal, Italy, Austria, Greece, and Turkey were so connected, the only important country not having direct submarine communication with the East being Germany, at that time.

429. Would you say that that is so at the present time?—Germany, having large commercial interests in North America, and increasing interests in the East, naturally desired to have direct cable communication of its own. With regard to North America, this was obtained by a cable from Emden to the States, *via* the Azores. It also has a cable from Emden to Vigo connected with our Eastern system.

430. Do you consider that Germany is being well served by the companies with which you are connected?—Germany has always been very well served by the British companies, and they were quite willing to enter into arrangements with the existing British companies for attaining their object by this means. They approached the Eastern Telegraph Company with a view to having direct connection with the Eastern Company's system. That is why the Vigo cable was laid.

431. What resulted from that suggestion?—With this idea a cable between Germany and Cornwall was suggested; but that was for the Atlantic, and would have made a cable connection with the Eastern Company for a traffic with the East, and would have at the same time formed the commencement of a new line, either *via* the Azores, or direct from Cornwall to North America.

432. Did you find a difficulty in the way of carrying out that policy?—Yes; the British Government, in conjunction with the Continental administrations, had acquired the rights for all cables between Great Britain and Germany, Holland, Belgium, and France, but had, at the same time, granted landing rights for cables between France on the one side, and Great Britain on the other, provided that, under an agreement, they were confined to carrying on traffic with the North Atlantic only. By this means a large portion of the French traffic with North America was obliged to pass through Great Britain, and Germany

and the Eastern Company thought that an application for a similar cable between Germany and Cornwall would naturally be granted.

433. Was it granted?—No, that was not granted.

434. Was any reason assigned for not granting it?—The reason for refusing the landing rights was that Mr. Lamb, at the Post Office, I believe, took the view that the German cable project could be entirely stopped if landing rights on British territory were refused.

434\*. What has happened?—The German cable was not stopped because they endeavoured to get other communications. They eventually got communication *via* the Azores—that is, landing rights at the Azores.

435. What inference do you wish us to draw from this illustration that you have given to us?—That, if landing rights had been granted at Land's End, instead of the German-Atlantic cable going to the States without touching upon British territory it would have been landed upon British territory, and Germany would have communicated with the States through Great Britain.

436. Do you consider that that would have been an advantage to Great Britain?—I consider it would.

437. You use that, I understand, in support of your suggestion that the proper policy for this country is Free Trade in landing rights?—Yes.

438. You do not bring it forward for any other purpose?—I think that, had Great Britain given landing rights for the German cable, the German cable would have gone to the States *via* Great Britain, and therefore have been under the control of this country instead of Great Britain having no control over it at all.

439. Another result of this refusal has been, has it not, that, although Germany has had to spend a larger sum of money, a cable has been laid from Germany to the Azores, and from the Azores to North America?—It has.

440. And I suppose it has diverted a certain amount, or a large amount of the German-American traffic which used to pass through this country?—The whole of the German-American traffic, you may say, except when the cable is broken down or not working.

441. You use this to enforce your point, as I understand that owing to the peculiarity of our geographical position our best policy in your opinion would have been Free Trade in landing rights?—That is so in my opinion.

442. I understand that when the telegraphs were first established every nation had different rules and regulations for dealing with the acceptance and delivery of telegrams?—Yes.

443. To co-ordinate these different systems International Conferences have been held, have they not?—They have.

444. When did they begin?—In 1865. The first really International Conference for telegraph purposes was held in Paris. Three years previously certain States had held an informal meeting in Brussels. In 1867 a Conference was held in Vienna, and at the end of 1871 and the beginning of 1872 a Conference was held in Rome. In 1875 a Conference was held at St. Petersburg, and it was this Conference that finally settled the International Telegraph Convention, since which period no alteration has taken place in this treaty.

445. Have any general principles been laid down by the International Convention which you would like to bring to our notice?—The following principles were laid down in the St. Petersburg Convention:—That everybody in the world had a right to correspond by means of international telegraphs, and that the contents of such telegrams should be kept secret. The power, however, was taken to stop any messages which affected, or which were considered injurious to, the State they passed through.

446. And which might be contrary to public order or decency?—Yes.

447. And also the Governments reserved the right, as I understand, to suspend the service on international lines?—Yes.

448. And at the same time every Government undertook to devote special wires for the service of international traffic?—Yes, for the through traffic.

449. Was it not also declared that the charges for all messages exchanged by the same route between offices of any two of the contracting States should be uni-

form?—Yes, that was one of the principles of the Convention.

450. And that the charges between any two States should be varied only by mutual agreement?—That is the case.

451. Subsequently a Regulation was annexed to the Convention, was it not, which stipulated that no route shall be open having a lower rate than by any of the existing routes—was not that so?—That is so.

452. What was the reason of that?—The reason of that was simply that, if another route was to be opened and rates reduced, there would be a competition set up between the different States which would be very likely to bring the rates down to absolutely next to nothing.

453. Now the effect of all these Regulations has been, has it not, so far as we are concerned with the tariff between India and Europe, that they cannot be altered without the consent of all interested administrations?—Yes, under that rule of the Convention.

454. So that the effect is that this country is in the peculiar position of not having control of the tariff between itself and our possessions in the Far East without the consent of Russia, Persia, and Turkey?—That is so in the same way as the other countries cannot make any alterations, or communicate at reduced rates, with their colonies without the sanction of Great Britain.

455. You would not, I suppose, compare in magnitude their interests with ours?—No, but Great Britain happens to own all the cables, or nearly so.

456. You would be of opinion that we have got the worst of the bargain there?—Certainly, that is the case.

457. Do you think that a condition of affairs that can be maintained?—I think it is a difficult one at the present time, and it is one which tells against Great Britain, and I hope the position will be such that it will always tell against Great Britain.

458. Why?—Because that means that Great Britain will still maintain the cable system of the world.

459. I beg your pardon, I do not quite follow that reasoning; you might develop that?—Because we, at the present time, carry all the foreign traffic, and I may say France and Russia and every place has to go on to the British cables.

460. You are talking of submarine cables?—Yes.

461. Would I be wrong in saying that one of the reasons, if not the chief reason, why this thing has grown up has been the fear of the submarine telegraph companies of competition with the land lines?—Yes, it has been to support to a certain extent the cable system because the cable system cannot be worked so cheaply as the land-line system.

462. In spite of the liability of land lines to interruption, going through wild countries and unsettled places, and so on?—Yes, to a great extent. The general cost of maintaining a cable is greater than a land line.

463. Would it be possible to give any equation between the cost of working and maintaining submarine cables and land lines?—No, we have never had any figures of that sort worked out.

464. Would you, as the Eastern Telegraph Company, be afraid of the competition of the land lines, if this agreement to maintain equal tariffs was done away with—competition between here and India?—I do not think that we should be afraid of it now, assuming that both sides were treated perfectly fairly. Of course, if subsidies were given, or any encouragement given to the land lines, we could not carry on the competition, but I think that we should be prepared to compete against the land lines.

465. What is the reason why reductions have not been made between here and India before now?—To begin with, we have not been in a position to do so. It is only about the last four or five years that the Eastern system has been in a position to make any really considerable reductions. When we make a reduction we expect to get a return for it. Whenever a reduction has been made to India it has never responded to it.

466. I should like to know whether you think that the existence of this agreement with other countries which puts them in the power of dictating a reduction has or has not been operative to prevent reduction?—

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I do not think it has been operative to prevent reduction before. It is operative now to prevent reduction.

467. Would you agree with me that that is a condition of affairs which is practically intolerable to the commercial community?—It is.

468. And ought to be got rid of?—Yes, if it can be got rid of without breaking the Convention.

469. Would you say that the Convention is of such importance that we should still adhere to it, even at this great cost of being unable to reduce our rate to India?—My opinion is that it would be a pity for Great Britain to throw up the Convention.

470. What greater evils would you anticipate, following upon our own interest in this respect, by breaking away from the Convention?—I think it might promote foreign cable systems.

471. Anything else?—No; I think it would promote foreign cable systems. It would look as if Great Britain withdrew, so to speak, from the international society of telegraphs, and the other countries might say, we will do all that we can to lay our own cables.

472. It would be the fear of competition that would influence you?—Not only the fear of competition, as long as the competition is on a fair basis, that is to say, without subsidies. We have had a good start, and if we cannot hold our own we must take a back seat, I am afraid. But it is with a view of the present position of the British cables all over the world and of the service they might be in time of war.

473. Some suggestions have been made from time to time for enabling any two countries mutually to reduce the tariff between them?—Yes; various suggestions have been made for enabling any two countries mutually to reduce the tariff between them by one route without having to consult the owners of competing routes.

474. You are mainly interested in submarine telegraphy, and you dread, I understand, in that connection, the competition of land lines?—If any alteration were made in the present Regulations it might have a very serious effect on the British telegraph companies' revenue. Land lines, as I said before, can be worked much cheaper than cables, and though the cables are almost invariably better worked than Continental lines, yet no cable company would care to enter into active competition with land lines, at some of the very reduced rates now charged.

475. It has been, perhaps, on account of these difficulties that you have been moved to make the suggestion to which I alluded in a former question as to the reduction of tariff on the basis of standard revenue?—It is.

476. Have any other means of controlling tariffs been suggested?—Yes; other means have been suggested by making it obligatory on all administrations to reduce, if the majority of the interested parties were favourable to the reduction. It is thought, however, that a resolution of this kind would be very difficult to carry at an International Conference, as the delegates are almost invariably hampered by strict instructions from their respective governments.

477. Still, I understand on that point you generally agree in this proposition that the present state of matters is one which cannot well expect to be endured by a commercial community, and that some remedy must be found for it?—Yes; I think that the position is brought home clearly to us, unfortunately, by the fact that Russia is able to prevent the reduction.

478. (Lord Onslow.) And Germany?—Germany could be got over.

479. (Chairman.) We have had some complaints made about special rates in which you are interested. For example, it has been complained to us that the rate to India is 4s. a word, and that to Australia it is 3s. 6d. a word, and I should like to know what explanation you have to give of that apparent anomaly?—The reduction of the rate to Australia when it took place was governed by a guarantee from Australia itself.

480. That is in return for a subsidy?—Yes; it was practically a subsidy. Australia wanted to reduce the rate. We said, "Very well, we will agree to take half the loss if you will take half the loss too." Australia agreed to that; that is to say, if any loss of revenue arose on that reduction of rate, we divided the loss—they paid half and we paid half.

481. What was the result?—The result of that, speaking from memory, without getting the actual figures, was that it resulted in a loss to begin with and a gain

latterly. Australia found that the loss on a 4s. tariff was too great, and they themselves put the rate up to 4s. 9d. There was a gain of revenue when we again reduced the tariff to 4s.

482. Is it 4s. 9d. now?—No; it has since been reduced to 3s. 6d. under the standard revenue.

483. Very well, but then it is a fact that the rate per word to Australia for telegrams going through India is 6d. lower than those which stopped at India?—Yes; it is 6d. lower than India.

484. And you have given us the reasons which stand in the way of a reduction between this country and India?—Yes; India has never responded to a reduction. Australia has responded largely to a reduction.

485. What do you mean by India has not responded largely to a reduction? Have you tried it?—Yes, on two occasions; we are getting the same money that we earned before at the higher rate, and there is no increase in revenue.

486. I do not follow that; will you explain?

(Mr. W. Hibberdine, Traffic Manager to the Eastern Telegraph Company, the Eastern Extension, Australasia and China Telegraph Company, Ltd., Eastern and South African Telegraph Company, Ltd., and the West African Telegraph Company, Ltd.) The actual traffic decreased the year after the reduction.

(Witness.) Therefore at the present time we are only getting the revenue that we got then at the higher rate.

487. Do you put it to us that, in your opinion, India would not now respond to a reduction of rate in the same way as Australia has done?—That is my firm opinion.

488. (Lord Hardwicke.) I have got the figures about the Indian rates, and in 1880-81 the rate was reduced to fr. 5.60?—Yes.

489. And the total net value of the number of words was £379,839?—Yes; I take it that that is right.

490. Those are the official figures. Well, then, the next year, in 1881-82, the net value was reduced to £360,000, and the next year, 1882-83, there was an increase to £384,000?—Yes; we can give you the reason of that.

491. Then again, in 1884-85 the increase was again large—up to £404,000?—That may be so.

492. I was only showing that it is hardly consistent with the statement that the moment you reduced the rate there was a loss?—I think we can explain that.

493. I might mention that prior to the reduction of the rate, in 1879-80, the earnings were £337,000, so that the first year you reduced the rate to India there was an increase of £40,000. I am taking the Joint Purse?—Exactly; we have all the figures. I cannot answer, but I am sure that I am right in my assertion that India has not responded to the reduction.

494. (Sir John Ardagh.) The year 1885 was the year of Penjdeh, when the Government telegrams amounted to a very large sum?—Yes; I think there would be some reason for it.

495. (Chairman.) We had a suggestion made to us the other day by Sir Edward Sassoon that 1s. a word could be made a remunerative rate to India. I will read you the calculation, and ask you whether you have any comment to make upon it. Sir Edward Sassoon referred to a pamphlet which he said had been put out by the Eastern Telegraph Company rebutting the arguments which he had used, and pointing out that in their opinion it was absurd for him to recommend a reduction of the rate to 1s. a word, because a new cable to India would cost a million and a half, and that, working fourteen hours a day, the number of paying words, seven and a half per minute, would only leave a return of 1.06 per cent. That, as a narrative of what you said, is correct, is it?—Yes.

496. He then goes on to say that he went into a calculation, and taking a million and a half as a basis, he did not see why this cable, which was going to cost so much, should not work more than fourteen hours a day, and he suggested that it should be duplexed, and made to work twenty-four hours a day. And then I will read his own words: "I added in order to allow for this increase of working expenses which would be involved by being made to work more than the estimate by the Eastern Company, I allowed £15,000 over and above their basis of expenditure. I took their capital and their expenditure, and allowed £15,000 over and above that, and my calculation gave a return of 16 per cent instead of 1.06, which the com-

pany say a new cable would produce." And that cable was to go by El Arich?—Yes.

497. (Sir John Ardagh.) That was for the purpose of avoiding Egypt?—Yes.

498. (Chairman.) Is it possible to work 24 hours a day?—It is not possible. You may work a cable 24 hours a day, but if you work it that time, and if you have any breakdown of any other cables you are left practically helpless. You must have some margin on a cable, because some days there is a great deal more traffic than on others. If you are working up to the full extent, I think you will see that it would be impossible to carry the traffic in a satisfactory manner if you had no margin.

499. We have had complaints of other rates over other lines of companies in which you are interested. For instance, to Lagos the rate is 7s. 1d. per word; London to Cyprus, 1s. 7d.; London to Cairo, 1s. 10d.; Sierra Leone, 5s. 5d.; Bonny, 8s. 3d. per word. These have been compared with the Australian rate of 3s. 6d. Do you feel inclined to comment upon this comparison?—I should like to make one comment upon them—that you are comparing places which are very expensive, a great many of them very unhealthy, costing a great deal more to maintain—that is, the stations cost a great deal more to maintain, and there is very little traffic, with a rate like the Australian, which has a very large traffic and is a very healthy country. I do not think that the two can be compared together for a minute.

500. In other words, that the mere distance over a length of cable is not a sufficient basis of comparison?—No; it depends to a great extent on the traffic. To Cyprus there is no traffic at all. It does not pay us at all—there is no traffic over it. Even at the existing rate it is a loss—it is a dead loss to us.

501. I understand you to have expressed an opinion against its being to the interest of this country to denounce the Convention. Have you any amendments that you could suggest in the Convention which would be to the advantage of this country?—If the standard revenue were accepted as a principle for all the chief traffics, which is the offer we have made, then I think it would do away with a great deal of the difficulty. The only thing is that it must be understood where the standard rate is offered that when the cable capacity is filled—that is to say, that when the cables are carrying the full extent of the traffic that they can, and another cable is required, then the minimum must be raised.

502. Quite so. Everything in that calculation would obviously depend upon the initial fairness of the calculation taken for fixing the standard revenue?—Yes.

503. What, in your opinion, would be the effect, for example, on through traffic of the assimilation of the extra-European and the European transit rate?—It would be a loss to the cable companies to a great extent.

504. Do you think it would be possible to get rid of Regulation 27 of the Convention—the one which has been a good deal criticised?—I should think it would be very difficult.

505. Why?—It would have to be agreed to by all the parties to the Convention.

506. If it could be done, do you think it would be to the advantage of this country?—It is a question that would be very difficult to answer right off.

507. I do not mind saying that I think the opinion of some is that, however useful in the early days, the Convention has now come to be rather hampering than helping telegraphic enterprise, and that there are arguments in favour of its not being so hampered?—I cannot deny that there are a great many who hold that view. The view that I have taken of it is, as I have expressed it just now, that if England were to withdraw it would make other countries more keen to lay cables.

508. A number of new cables were suggested by Sir Edward Sassoon, upon which, if we were to supply them, you think there might be a loss. Would you make comments upon that for our benefit?—Yes, certainly.

509. Then a system of what is known as ordinary and deferred telegrams has been suggested. Have you any views to express upon that proposal?—Great Britain has always been against that—strongly against that. In other countries, I think, even in India, there are three classes of telegrams.

510. I am far from saying that one view or the other is the correct one, but I should like to have your view, to give it generally, as to the relative advantage or dis-

advantage of introducing a graded system of urgency for submarine telegraphing?—I think that two classes of telegrams could be very easily dealt with—that is to say, an express and an ordinary class; but I think it would be more difficult if you go into three or four different classes.

511. (Lord Onslow.) Would you define the classes?—Yes.

512. (Chairman.) I think that suggestion is a good one that two classes might be done. You might give the conditions applicable to each of these two classes?—If you had treble rates, which you have in some cases—you have treble rates in Spain.

(Mr. Hibberdine.) No, under the Convention urgent messages are allowed, and they are undoubtedly a very good thing in many cases, more especially in Stock Exchange business, and the companies have always been favourable to having urgent messages where it was possible.

513. (Chairman.) I think that the line of argument is this: If you say you cannot reduce the tariff, and yet it is known that for some hours during the day at the present tariff it is lying idle, it would be for the advantage of the commercial community, who cannot afford to pay the higher rates, as well as for the advantage of the company, that there should be a system whereby when the cable was not being worked at this high tariff, by means of those senders consenting to have them deferred, they would still get the advantage of telegraphing and yet not have to pay the very high rate?—You mention the word commercial telegrams. At the present time under the system of codes the commercial telegrams are really brought down per word to a minimum. If this other class of telegram were to be in plain language then all well and good, but there is a great deal of business done between this country and the colonies as to which it is not of such great importance that a telegram should be sent in a couple of hours, and the result would be that all the messages—that a great part of our traffic—would be sent at the reduced rate, which would simply mean a reduction of income to us. That is what we are afraid of.

514. I will put two other classes of telegram by which it occurs to me you might develop your revenue. If you gave a cheaper rate, for instance, to press telegrams, and telegrams between private people, apart from commercial telegrams?—We have at the present time before the Post Office a suggestion with regard to private telegrams, which I must tell you form only 5 per cent. of our own total revenue. With regard to press telegrams, I think press telegrams now are being charged a quarter rate, and that is nearly universal.

515. Do I understand it to be your opinion that by deferring them and charging them at a less rate you might develop private telegraphing between private persons?—No, I do not think that we shall develop it. Do you mean between private persons as against commercial firms?

516. That is what I mean?—The suggestion before the Post Office at present is that any private individual might come into our office and have a message coded; that is to say, putting him, if he is communicating with a friend in India from home, in the same position as the merchant who has his correspondent in India.

517. (Lord Onslow.) That is practically what Renter's people do now?—Yes, but it would be more expeditiously done.

518. (Lord Hardwicke.) It is packing?—No, it is not packing. It is distinct from that. You would come into our office and you say: "I want to send a telegram to India," and we would code it—it would not be packed—it would not be kept along with others, but it would be sent direct.

519. I thought you would let it wait?—No, the number of words would be reduced.

520. (Chairman.) You are willing to give us information about the relations between the Eastern Telegraph Company and the Great Northern Telegraph Company, as to your views of cutting cables in time of war, but you would prefer that that subject should be reserved confidentially?—I should.

521. I will postpone that subject—

522. Then I have one or two questions to put to you on behalf of Lord Londonderry. I have already referred to the pamphlet which you issued after the debate in the House of Commons in May last, in which you stated that

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a new cable from this country to India would cost a million and a half?—Yes.

523. Would you object to state further the weight of copper and the gutta percha to the nautical mile?—No. I should be very happy to give the details.

524. Will you kindly do so?—Yes.

525. A moment ago, when I was questioning you about the speech of Sir Edward Saseoon, you based your calculations upon  $7\frac{1}{2}$  paying words per minute?—Yes.

526. Could you explain to me the paying words and the actual number of words that the cable would carry?

(Mr. Hibberdine.) The paying words are the actual full rates received. That is to say, you have first of all to take Government messages, which go at half rates—they only count as half a word; press messages at the rate of one-third or one-fourth, and they count so; and the ordinary paying words count as full. In that way you arrive at the number of paying words.

527. Of course that is a highly technical calculation. Perhaps you will tell me how many words such a cable as this, disregarding the paying and non-paying per minute, could go over such a cable?

(Witness.) About 10 words.

528. Under present conditions, about a quarter of your traffic is non-paying. For every 10 words you only get  $7\frac{1}{2}$  paying ones?—That might be the percentage. I cannot say for certain. We can hand in the figures.

(Mr. Hibberdine.) Roundly speaking, if a cable is capable of sending a hundred letters a minute, you get about one-third paying letters out of that?

(Lord Hardwicke.) That is including repetitions?

(Mr. Hibberdine.) Yes, and pauses and everything else. The paying word is about equal to one-third of its capacity.

(Chairman.) Do I understand that  $7\frac{1}{2}$  paying words per minute applies only to the number of minutes 14 hours per day, or does it take into account the slack period?

(Witness.) It is based on the 14, because the slack period is really in the case of some cables being down.

529. Does it make allowance for duplex working?—Yes. If I might explain: Possibly we have three or four cables; these cables are not all in working order. Generally one is broken, and the others have to do the work of that one which is broken.

530. Is it possible to say, as a matter of fact, about how many hours a day there is traffic actually flowing between this country and India?—Yes, the difference of time between here and India is six hours.

(Mr. Hibberdine.) Five hours and 20 minutes.

(Witness.) Full traffic is flowing during the commercial hours between 10 and 6 o'clock.

531. But the commercial periods will be different between this country and India, and the countries beyond. What I want to get at is what are the real number of working hours a day during which traffic is flowing, not only taking account of traffic between us and India, but all the countries beyond India as well.—Would you allow Mr. Hibberdine, who knows all the details, to answer that question?

532. Yes.—

(Mr. Hibberdine.) I might first of all say that this calculation of 14 hours was made out by taking business hours in Great Britain as seven hours. Then we took the difference in time, five hours, so as to allow for business hours in both countries, which gave us 12 hours, and taking it as favourably as possible we put on the extra two hours to make up 14 hours. With regard to the other question, one of our cables at present between Aden and Bombay is practically occupied during the whole 24 hours. That is entirely owing to the great difference in time that exists between Australia and Great Britain. For example, on homeward traffic—we are able to clear off the Australian traffic before the China traffic commences.

533. To and from different places there is no idle period, so to speak on the line?—

(Mr. Hibberdine.) That is on one cable only out of the three.

(Lord Hardwicke.) Which cable is that?

(Mr. Hibberdine.) That is between Aden and Bombay. I might add that that calculation was made entirely for Indian traffic.

534. Of course you are not taking into account the traffic of the Indo-European line?—

(Mr. Hibberdine.) No, simply the traffic of our own line.

535. That is going at the same time?—

(Mr. Hibberdine.) Yes.

536. London messages come to you which you transfer?

(Witness.) That is only if we are broken down.

537. I thought that now with the Joint Purse arrangement very often messages came, which for convenience sake you sent to the Indo-European Company?—Yes, sometimes if we are full we send the traffic that way in the interests of the public, that is to say if the Indo-European know that they can send it quicker we hand it over to them, but their land lines may be working defectively, and we may be working better and we keep the traffic in that case.

538. I have figures which show that since the Joint Purse arrangement the Indo-European has increased its traffic, and it is owing to the Eastern Company handing over their traffic to the Indo-European, which otherwise they would not get, and that is one of the reasons for the Joint Purse arrangement?—That is so. Latterly they have carried more than their proportion.

539. (Chairman.) In some observations that you made you suggested that a means of controlling the traffic would be to make it obligatory on all administrations if a majority of the interested parties were favourable, is it a right deduction to make?—Yes.

540. I want to know as a matter of fact whether you are aware of any cases in which administrations have interposed a serious difficulty when the people principally interested were desirous of securing the reduction?—Of course, latterly Russia and Germany have done so.

541. Would not that arise out of the special grievance of the Indo-European having entered into agreement with the German and Russian Governments?—Really it is not that. That is really a question of the Convention.

542. That is not apart from the International Regulations altogether?—No, I think it is entirely under the rules of the Convention.

543. Could you give the Committee any information as to the action of the companies concerned in bringing about an increase in the charge for Anglo-Indian telegrams in 1871?—That was before my time; perhaps Mr. Hibberdine will answer that.

(Mr. Hibberdine.) That was the time when our companies first of all started and the Indo-European Company had a low rate—£2 17s.—and it was found that neither the Indo-European Company nor the Eastern Company could live at that tariff. It was therefore arranged to hold a small conference in Berne when the tariffs were increased to £4 per 20 words.

544. At that conference you had persuaded Germany and Russia and other countries to agree to an increase?

(Mr. Hibberdine.) We have never had any difficulty in persuading the administrations to agree to increases for traffic which did not concern themselves.

545. Had the Regulations of the Convention anything to do with the failure to bring about a reduction of charges between Great Britain and India in the Budapest Conference in 1896?

(Witness.) No, nothing.

546. What was the real reason then?—The real reason was that as far as we are concerned, the Eastern Company were not in a position at that time to face loss by the reduction.

547. So that it was the fear of loss which induced you yourself to stop the proposal?—Yes. I will not say to stop it, but we were very strongly against it because we could not afford it at that time.

548. Did you not as a matter of fact stop it?—Yes, if you put it, we did, because we did not agree to the reduction.

549. (Lord Oslow.) I think you said that the demand of the Government for the right to landing for the Cape-Madeira-Ascension Cable amounted to a request to spend £150,000 for their right to land the cable?—That is practically what it came to.

550. Were not there negotiations for a subsidy?—

They resulted in a subsidy. We asked for a subsidy of £5,000 a year for 20 years, and the result was that it was settled at £4,500 a year for that period.

551. But that was an Eastern proposal?—That was an Eastern Company proposal.

552. Therefore is it quite fair to say that the Government demanded £150,000 for the right to land at Porthcurno?—The actual cost to us all round for that cable is, I think, £162,000.

553. It would have been, you mean?—No, it is, because we are laying it now. The ship leaves on the 16th of this month.

554. But you are not going to Sierra Leone?—Yes, from Sierra Leone to Ascension.

555. Is that so?—That is so.

556. It is going to be done?—It is an Admiralty cable I believe. May I say, if you will allow me, that we are laying an even more desirable cable than was at first contemplated, and therefore, instead of costing £150,000, which was our estimate, it is really going to cost £162,000.

557. Well, then, I think you in this memorandum—I do not know whether I ought to examine you upon it—I have had the advantage of reading it now; but I think you made some complaint of the action of the Canadian Government in taking objection to the handing of telegrams to your own office in any part of Australia?—Yes, we did.

558. You are aware, of course, that the Australian and Canadian Governments, jointly with the Imperial Government, are laying a direct cable *via* the Pacific?—Yes.

559. And they are, of course, largely interested in that cable?—Yes.

560. Does your objection apply to the freedom of action on the part of the Australian Governments in utilising their own cables?—Yes, our objection is not to having fair play, but Canada objected to Australia giving us the right to collect from the public ourselves, they in their own country having given that right away because they have got companies who collect their own messages. We only asked to be put on the same footing as the Pacific.

561. You have those rights?—We have them in four out of the seven colonies.

562. Those being the colonies which are nearest—West Australia, South Australia?—Tasmania and New South Wales.

563. Excluding only Victoria and Queensland?

564. (*Mr. F. E. Hesse*) (Manager of the Eastern Extension Company): And New Zealand.

(*Witness*): Yes.

565. Can you give any explanation of the reason why the Australian public responds so much more readily than the Indian public to the reduction of rates?—Yes, because, for instance, gold was found in part of Australia. That immediately brings a traffic. Messages ran up from—I am speaking from memory—six a day from Queensland to something like 125 at once.

566. Yes, but let us be a little careful about dates. The discovery of gold is somewhat ancient history. We are talking about the reduction of rates of comparatively recent years. Does that apply equally?—No. What I am speaking of—the instance I give you—is when the gold speculation sprang up in West Australia about 1893—six or seven years ago.

567. You know, of course, the place of origin of all your cables. Do you say that the increase in the number of messages was mainly from the colonies in which gold has been recently discovered?—No, but it was a very important factor in the increase. But the general commercial trade in Australia has increased, and there has been an increase in the population—and all that sort of thing increases the traffic. At any rate, Australia has responded very largely to the reduction.

(*Mr. Hesse*.) There is more enterprise from a European population.

(*Lord Onslow*.) I take it that the increase in India has been something like 60 per cent., and in Australia 50 per cent. Do you agree to this?

(*Mr. Hesse*.) It has been very much greater.

568. Has it been nearly ten times?

(*Witness*.) I should not care to say that without look-

ing into the actual figures. There is no difficulty in ascertaining that.

569. At any rate, the same rule would apply to both Australia and India as to codification and packing—there is no difference?—There would be no difference that I see.

(*Mr. Hibberdine*.) There is more codification in India than in Australia.

(*Witness*.) For the reason that they are older business people.

(*Mr. Hibberdine*.) With reference to the increase of Indian traffic, comparing 1873 with 1899, it shows an increase of about 35 per cent.

570. You are speaking of India?

(*Mr. Hibberdine*.) Yes.

571. Can you give Australia?

(*Witness*.) We have not got the figures here, but we can give them to you.

572. I understand you to say that the proportion—I do not know whether you apply it to the whole of your system, but the proportion of private cables to commercial cables is over 5 per cent.?—Not over 5 per cent.—3 to 5 per cent.

573. Do you still say that a reduction of rates for delayed cables would in your opinion not increase the number of private cables sent?—Are you taking private cables now as against commercial?

574. Yes?—I do not think that it will very much increase.

575. That is the opinion you gave us just now?—For this reason, that in private cabling it is not so much a question of a rate unless you can bring that rate to a very small rate. A man thinks twice before he spends a shilling a word even.

576. I understand you to say that you have cables which are by no means full during the non-commercial hours?—Under certain circumstances and if all the cable capacity is at work—

577. And yet you are not prepared to do more than to offer to the private telegrapher the right to codify his message into fewer words?—That is all that we can give at the present time.

578. I want to draw the distinction between what you said just now. You said you were prepared, I think, to give priority for treble rates, but you are not prepared to lower the existing rates for deferred messages?—That is so to a great extent. I can give you the reason if you like. If you have triple rates a certain amount of the commercial telegrams will go at the triple rates. The rest will remain at the existing rates; but if you get a lower rate we shall lose very materially by it, because there are many merchants who are not particular about their telegrams getting there in a few hours. Therefore they would all go by the reduced rate, and we should lose revenue.

579. No doubt. There were one or two suggestions which were made by Sir Edward Sassoon, and on which I shall be glad of your opinion. One suggestion that he made was that the rates should be fixed according to zones—European, extra-European, and distant. Have you any objection to that proposal, and if so, what?—Yes, we should have an objection to that, because that brings in naturally the consideration that where we have got a big traffic we can afford to do it at a lower rate than where the traffic is a very small one. Some traffics we have do not pay the cost of maintaining the stations.

580. You think it would be impossible to carry that into effect?—I think it would be a very difficult thing to do.

581. Then Sir Edward Sassoon said the principal cables of the world might be purchased for four millions of money?—I should say that it is absolutely impossible. I have looked into the figures of our own system—what we believe we could lay them for to-day—and we could not lay them under 7½ millions. That is only our own system.

582. May I ask you generally whether your company is prepared to increase the facilities for sending telegrams by cable wherever there is a reasonable prospect of its being commercially successful?—We have offered to do that by the sliding scale—that is, the standard revenue.

583. You have just laid a new cable from England to the Cape and to Australia?—We have laid it as far as the Cape.

*Mr. J. D. Pender.*

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Pender.

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584. You are going to do that?—It is to be continued to Australia.

585. And that you have done on commercial principles, and you expect it to be remunerative?—Yes.

586. And whenever the conditions are similar you would be prepared to do it again?—Yes, wherever we can get a fair return we would do it.

587. (Sir John Ardagh.) The first question that I have to put to you is that it is not in evidence before us what the great Eastern and Associated Companies consist of. Would you be kind enough to furnish us with a schedule of the names?—Yes, certainly.\* I can give you them now, or would you rather have them in writing?

588. That can easily be done. I need not detain you now. Well, the next point I should like to ask you would be: What is the capital embarked in these companies?—Do you mean in the various companies?

589. The shares, debentures, and stock?—That you have before you in that statement†, but perhaps you have not a copy of it.

590. I have not. Then in addition to those points there are some details as regards the actual cost of telegraphs, which I think would be very instructive to the Committee. Perhaps you will be kind enough to give us in a general way what the cost of submarine telegraphs per knot generally is. You might specify deep sea and land ends of cables?—Yes, I can give it to you now roughly.

591. You had better give it to us deliberately, and it will save a good deal of time if I only put the question now?—Exactly.

592. In addition to that we should like the cost of laying?—Yes. You want that separated?

593. The cost of laying separated and the cost of maintenance and repair on an average separate. That, of course, would be a very approximate figure, but you, no doubt, would be able to give us information upon the point. It all has a bearing on the general question of the assertions which have been made that a line might be laid from so-and-so to so-and-so for so many millions, and it is necessary in order to clear the ground that that estimate should be made quite clear whether the sum needed includes merely the cost of the cable or the cost of the cable and the laying, or the cost of the cable and the laying and maintenance and repair and the ultimate replacement?—In giving you the figure of percentage as regards repairs you will allow me to take an estimate, but not the actual cost?

594. Certainly, I understand. I will give you one case in point. We have had in evidence an estimate by Sir Edward Sassoon that the cost of 15,000 miles odd of telegraph line would be about five or six millions?—The cost will, of course, depend upon the water it is laid in and what part of the world it is in.

595. It also depends upon whether you include the cost of laying and the cost of maintenance and repair and replacement?—Yes, I am including that.

596. We also have had a statement from Sir Edward Sassoon that a new cable can be laid to Bombay for a million?—I believe that is absolutely impossible. If such a cable were laid for that figure I believe it would be practically useless as far as commercial work goes.

597. Evidently the mere laying of the cable would be quite insufficient unless there was an adequate organisation established in connection with it for its maintenance and repair, and a sinking fund for its eventual replacement. The first cost would by no means represent the capital which would have to be invested in an enterprise of that kind to compete with such cables as already exist or such means of communication as already exist?—I should not be afraid of it as far as competition goes.

598. There is another point in statistics which I think it would be instructive to have some information upon, and that is the relative cost of aerial lines and of submarine cables?—Yes.

599. And in a minor way the cost of subterranean wires as compared with aerial wires. That latter is, I admit, a very difficult subject, because it all depends upon how many subterranean wires you put into a pipe,

\* See Report.

† See Appendix G to Report.

but you can give a general idea?—We could not give a general idea about subterranean wires, but only what the Post Office charge for communication with Land's End; but I could give you no reliable evidence on subterranean wires.

600. You will be able to give us full information about the cable part?—Yes, the cable part. I should be glad to do that.

601. Then as regards the desirability of having alternative routes—it has been represented to us that great interruptions have occurred in consequence of the cables not being under Government management. I would ask you as regards the traffic to the Cape to tell us your experience of how often and in how many instances completely the interruptions have taken place between this country and the Cape, we will say since the beginning of the War?—I have got those down here, and I will put those in.

602. How many days there have been total interruptions on both sides?—Yes, I can give it to you here. The East Coast cable was down in 50 days, and the West Coast was down in ten days. There was no total interruption with South Africa.

603. That is the point I wish to bring out. Now there is a cable in which the naval and military authorities have been rather interested, and that is from Gibraltar to Sierra Leone?—Yes, the proposed line.

604. Do you see any difficulty in point of length in that cable?—Yes, we do. We offered to lay the new cable to South Africa *via* Gibraltar and Sierra Leone for a subsidy of £20,000 a year, but we offered to lay the cable direct *via* Madeira, St. Vincent, and that way without any subsidy at all. That will give you some idea of the extra cost of a long cable to bring it up, not to strategical requirements, but to commercial requirements.

605. Will you kindly in your remarks about submarine cables give information of the rate of transmission on long and short cables in a general way?—Yes.

606. I mean as between a cable of 1,000 knots and 2,000 knots and 3,000 knots, so as to bring out the difficulties which would arise in the case of a long span like that between Sierra Leone and Gibraltar?—Yes.

607. Those are all the technical questions I wish to put to you?—Very well.

608. (Lord Hardwicke.) You state that no attempt has been made to reduce the rate between England and India until now. I understand the negotiations commenced about 1899, did they not?—I think it was at the Budapest Conference, five years ago. I believe that was the first time the matter was taken up vigorously.

609. That is five years ago?—Yes.

610. When you said "now" you meant since those negotiations commenced?—Yes. The chairman put the question: Did we oppose it? We did oppose it then, because we were not in a position to do it, and I think that was at Budapest.

611. Since the negotiations in 1899 the Indo-European Department sought to enter into negotiations with a view to a reduction of the rate?—Yes.

612. I understood you to say that the difficulty of the reduction of the rate was due to the Convention?—Yes, that has been the difficulty that has prevented the reduction of rate being in force now.

613. I was under the impression that the difficulty was due to the fact that the Indo-European Company under their concession from Germany are bound to consult Germany before they reduce their rate; that is the stumbling block—that Germany refuses to consent to a reduction of the rate?—No, the reason is the Convention—that Russia and Germany are not bound to reduce their rate or to sanction a reduction. They have one line to India; the other line is the cable line, and according to the rules of the Convention they have to give their sanction to it. It is really the Convention and not a Joint Purse question.

614. You assume that that is correct?—Yes.

615. There is also a second reason, because under their concession which I referred to, Germany has the right to refuse a reduction of the rate independently of the Convention, owing to their concession to the Indo-European Company?—Yes, but then if Russia and Germany simply refuse on that score that might have nothing whatever to do with us—the Eastern.

616. I am not suggesting that it would, but inasmuch as you are a member of the Joint Purse arrangement?—



But we work under the Convention, and they have a right to refuse it under the rules of the Convention, which they have done, and we are all in it.

617. Allow me to put it this way: Supposing that Russia agreed to a reduction of the rate, and that all parties concerned in the Joint Purse agreed to it, it would be still possible for Germany, independently of the Convention, to refuse?—I believe that it would not, because I think that Germany— Did not Berne give some decision about not being in it?

(*Mr. Hibberdine.*) They gave a decision; the Berné decision is not always binding. The answer to the question put to Berne was that the only interested administrations under the tariff between India and Europe were Russia, Persia, Turkey, the Indo-European Department, and the Eastern Company. All these administrations have agreed to the reduction, but Germany considers that she is also interested in the rate to India.

(*Witness.*) Although Berne says she is not.

(*Mr. Hibberdine.*) It is certainly a question whether Germany is refusing to give consent to a reduction of the rate to India as a concessionary to the Indo-European Company or as an interested administration in the rate to India. It is probable that Germany is acting on both those suggestions.

618. That is my point; that is the case?—

(*Mr. Hibberdine.*) Germany has two points—she refuses her consent as an interested party and also as a concessionary to the Indo-European.

(*Witness.*) She is ruled out of order as an interested party, but she has her position as a concessionary.

(*Lord Hardwicke.*) That is the point—independently of the Convention Germany asserts her right to refuse a reduction of the rate.

(*Witness.*) That is a matter between the Indo-European and Germany. My opinion is that Germany are not interested in it inasmuch as Berne considers that they are not an interested party. As to any dealings between the Indo-European and their concessionary, the Government, I cannot say.

619. The fact remains that the Indo-European and the Eastern Company are most desirous of a reduction in the rate to India?—Yes, we are.

620. And at the present moment there is a stumbling block, which is Germany?—That is so, and Russia.

621. I understood you to say that Russia had agreed?—Under certain circumstances, but that was when the Convention was to be held in London.

(*Mr. Hibberdine.*) One of the conditions is that Germany shall consent, and therefore as far as the Convention is concerned that is an absolute block, irrespective of any consent.

622. Sir Edward Sassoon, in his evidence, and also in his public statements, has laid a great stress upon the disadvantages that India and the Indo-European Department is under by being a party to the Joint Purse. Would you object to state what you think would have been the position of the Department if it had not joined the Joint Purse?

(*Witness.*) If they had not joined the Joint Purse, I think they would not be financially in the position they are to-day. The Indo-European would not, and I think the Government Department would not either.

623. In fact, in your opinion, it was a necessity that could not be avoided?—I think it was at the time.

624. I will take you back to the figures. I do not question the accuracy of your statement at all, but, with reference to the effect the reduction of the rate had upon the profits of the Joint Purse to India, you said, did you not, that there was no appreciable increase?—I said there was no appreciable increase.

625. Apparently the increase was considerable from 1880-81 to 1888-89?

(*Mr. Hibberdine.*) Might I mention the tariff reduction of 4s. 7d. to 4s. was brought into operation on July 1st, 1886.

626. I have got it 1888?

(*Mr. Hibberdine.*) July 1st, 1886, was the time of the reduction of the rate from 4s. 7d. to 4s., and the traffic with India—the actual 20-word rates carried in 1886—were 100,522; in 1887, the first year of the reduction, they were 97,764.

627. That is the number of actual words?

(*Mr. Hibberdine.*) The number of actual 20-word rates.

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628. I have got the actual number of words?

(*Mr. Hibberdine.*) It has been a custom to put in the 20-word rates.

(*Witness.*) Might we hand in the figures—we can give the traffics?

629. Your argument has rather shown that, though it is not shown according to my figures, between 1881 and 1888, when the reduction in 1888 to 4s. took place, there is certainly a great falling off immediately?—Yes.

630. Because the number of words was, in 1888, 2,163,000, and then, in 1889, it was under 2,000,000, and then it went up again to 2,235,000, and has practically remained stationary ever since?—I believe it has.

(*Mr. Hibberdine.*) Our figures practically agree with yours. The difference is from our taking it for the actual year and yours ending in March.

631. Practically since 1890 there has been no appreciable difference according to the figures I have got, but it would be advisable to put in those figures?

(*Witness.*) I will put them in.

632. You gave as your chief reason that England would be ill-advised not to remain a party to the Convention, that there is a possibility of creating competition with other countries; that they would start making cables of their own, etc.?—Yes, it would be a very decided step, at any rate, for Great Britain to take.

633. But you do not look upon it as comparable to a withdrawal from the Postal Union?—No, we are not as dependent; you would be more dependent upon the Postal Union than upon maintaining the Convention, that is my opinion.

634. The Postal Union is an absolute necessity?—I should think it is, more or less, but I know very little about it.

635. Supposing we did withdraw from the Convention, and supposing even that it did not create the competition that you anticipate, would it be possible or not for foreign countries to have different codes, or, rather, to have a different scale of words to that which we have been in the habit of using? For instance, one country might have a word with ten letters allowed, and another country eight letters allowed, and others more, all for the purpose of annoying us for the withdrawal?—Certainly those complications would be very likely to arise.

636. Would not that make our cable communication with foreign countries very difficult?—Yes; but I would not go so far. It would make it very difficult, and there would be a great many of these complications, but they could be got over.

637. In your opinion, therefore, it comes to this: That the withdrawal from the Convention would not make our cable communication impossible?—No, not impossible.

638. But it would make it very difficult?—Yes, very much more complicated.

639. I have one or two questions as to charges for messages. Sir Edward Sassoon the other day said he would be in favour of an urgent message and the ordinary message. I suggested that the urgent message should cost three times as much as the ordinary. What is your opinion of a suggestion of that kind?—We should have no objection whatever to an urgent message.

640. (*Chairman.*) I understand you do not object to an urgent message whereby the ordinary tariff would be increased?—That is so.

641. But you do object to a deferred message where it would be reduced?—Because I am afraid that the existing traffic would be transferred to the lower rate.

642. (*Lord Hardwicke.*) That I understand; but the point I want to bring out is this: Urgent messages would be used by business people?—Yes.

643. Now, would it be a convenience to business people, in your opinion, to be able to send an urgent message which would be passed at once across the wires?—Yes.

644. Even if they had to pay three times as much?—Yes; and it would be used for certain classes of traffic largely.

(*Mr. Hibberdine.*) We have experience of urgent traffic, especially in one cable where there is a large amount of Stock Exchange business done. That cable

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does not belong to us, but to the Direct Spanish Company going between Barcelona and Marseilles. On that line 33 per cent. of the traffic is urgent, and it is simply Stock Exchange quotations between Barcelona and Paris. For ourselves, we accept urgent messages in China and Egypt and all States where we are permitted to accept them. They are used to a very small extent, but occasionally merchants do like to use them, because they can stop another telegram sent before. Apart from Stock Exchange business, that is the only reason, as far as we have been able to discover, why urgent telegrams are used. We have one experience of urgent telegrams. The thing was a few years ago during the cricket excitement in Australia, when one news agency wanted to get beyond everybody else, and paid urgent rates for one message. The consequence was that that particular agency had their news published in London at 10 a.m. in the morning—the result of the test match in Sydney. It will probably not occur again.

(Witness.) But that ceased to be urgent when it got to Land's End.

(Mr. Hibberdine.) And the result was that every other newspaper began to pay urgent rates for their messages, and we had practically a block of our ordinary traffic, in order to carry these messages that were paying 12s. or 13s. a word. The natural result of that was that they ceased doing it. That particular instance is unique, and it will never occur again.

645. In that particular instance it ceased at Land's End?

(Witness.) Yes, because urgent messages are not recognised in Great Britain.

646. That was coming from Australia?—Yes.

647. But supposing urgent messages were recognised by the Post Office, the message would be urgent right through?—It would—on the land line as well.

648. To come to another point—the arrangement that exists between the Egyptian Government and the Eastern Cable Company as regards the Suez Canal lines—can you tell us about that?—Yes; we pay the Egyptian Government £6,750 a year, and that sum of money is to be reduced as, and when, the rate is reduced—that is to say, if we went down a shilling a word, the Egyptian Government would get nothing.

(Mr. Hibberdine.) There are two payments to the Egyptian Government—one of £1,000 a year for our right of working our own lines, and another one of £6,750 a year for the right of working our own wires, so that one is reduced according as the tariff is reduced.

(Witness.) If we carry at one shilling a word.

(Sir John Ardagh.) It is not a transit charge, but renting wires?

(Mr. Hibberdine.) It is the right of working our own wires in Egypt.

(Lord Hardwicke.) Are you referring to what the special rights are?

(Mr. Hibberdine.) They are both the same thing practically. They are giving us the right to work in Egypt and transmit the traffic through Egypt.

649. Is it not a right that might also be termed a monopoly?

(Witness.) But it is not a monopoly, our rights in Egypt, because by cash payment they can be—it is a preferential right; that is to say, if other cables are required, we should have the option of laying them. If we do not lay them and do not give permission to lay them, then it goes to someone else. It was a right given to us.

(Mr. Hibberdine.) During the Egyptian war, when we took the cable into Suakim, the Egyptian Government then gave us the preferential right to have the option of laying any cable that might be suggested by any outside person, and the Egyptian Government could cancel that right by purchasing our Suez-Suakim cable for a fixed sum.

(Witness.) £150,000 the sum is, speaking from memory.

(Mr. Hibberdine.) Naturally, if a French or English company came to the Egyptian Government and said, I want to land a cable from Malta or Gibraltar, the Egyptian Government would say to us, will you lay this cable? and we should say, perhaps—Supposing we said no, the other company would lay it.

(Witness.) At least, the Government have the right of giving it to the other company.

650. And you would have no redress?—No.

651. (Chairman.) It is a monopoly to one side?—No; we get the refusal of it; but if we do not do it, it is considered that someone else may.

652. But you have the choice of terms whether you maintain that monopoly or not?—Yes; if the Suakim cable is bought, there is an end of even preferential rights.

653. (Lord Hardwicke.) Suppose the Suakim cable was bought, and the Egyptian Government exercised their right, do you mean to say that any other lines could be laid through the Suez Canal?—Yes, they could. We got this for laying this cable to Suakim. It was at the time of the Egyptian war, when Suakim was a base of operations, and we got it for putting the cable into Suakim without getting any subsidy. It does not matter the getting of a subsidy for putting it, or getting an equivalent to a subsidy, that is to say, rights.

654. (Sir John Ardagh.) With reference to this last answer, was not there another consideration in regard to that arrangement of 1882 that a cable was laid from Port Said to Alexandria?—Yes.

655. That was a part of the consideration?—It was a part of the whole thing to maintain communication at the time that Egypt was in a state of rebellion.

656. (Chairman.) Is there any point that you would like to supplement your evidence upon?—I should like to bring out one point with regard to the land lines, the communication between London and our cables. I should like to bring that forward.

657. What do you want to say?—As to the delay on account of there being overhead wires; we have constant delay. Now, on Saturday, we had a total interruption for four hours; that is to say, that we could not communicate with our cables for four hours on Saturday, and there is hardly a day that passes (and I should be glad to give you the figures) that we have not an interruption of our own land lines. We have two land lines from London to Land's End; one from London to Liverpool and to Glasgow; one from Manchester to Glasgow; and one—a new wire, only recently put up within the last two or three years—from Liverpool direct to Land's End without going via London, so as to take the traffic of the north direct there. That is a new line, but it is more constantly interrupted even than the old London and Perthcurno line.

658. You pay the Post Office a royalty for this?—Yes; £5 a mile, and they maintain it. I do not wish to say that it is the Post Office, but it is the principle of overhead as against underground wires. That is the point; that is, we are very constantly absolutely cut off.

659. And you suggest that your land lines should be put underground?—We say that for the £5 we ought to get a thoroughly efficient means of communicating with our cables.

660. And that offer of alternative lines, that is not sufficient?—Alternative lines might do, but the two lines that we have to Perthcurno do not go the same route; they diverge at certain places.

661. That is so much a matter of bargain between you and the Post Office and the Treasury, that we should hardly go more deeply into it?—I wanted it brought forward, and it is an important point in connection with this war.

662. (Lord Hardwicke.) Do you consider that the Post Office ought to give you the underground wires for the sum of £5 that you pay at present?—We consider that they ought to, but so far, we have had no distinct offer, but we were asked if we should be prepared to pay a sum of something like that.

663. (Chairman.) It is not the business of the Post Office or anybody else to supply you with wires below cost price for that service?—Oh, no; I admit that.

664. It is only a question of what a contractor can supply it for?—I quite admit that.

665. (Lord Hardwicke.) You are not quite certain what the actual cost of an underground line would be?—No, I cannot say.

666. Of course, it may be vastly in excess of the overhead wire, in which case the amount would be quite inadequate, and it would be an expense to the Post Office?—If there was an increase of capital outlay, there would be a saving in maintenance.

Mr. FREDERICK EDWARD HESSE, called; and Examined

667. (Chairman.) You are the manager of the Eastern Extension Company?—I am.

668. The special point on which we ask you to speak as to the relations of the Eastern Extension Company with the Great Northern Telegraph Company?—Yes.

669. Am I right in saying that when the cables were first opened to China the British company, then called the China Submarine Company, owning the cables between Singapore and Hong Kong, was face to face with a rival Danish enterprise, which was establishing cables from Russian Siberia, *via* Japan, to Shanghai?—That is so.

670. In order to avoid what you thought an undue competition, what did you do?—We entered into a working arrangement with the Danish Company, for the cable between Hong Kong and Shanghai to be worked for joint account, the Danish company being allowed a certain portion of the revenue to cover the expenses of that cable.

671. What was the date of that?—That was in 1870.

672. Do I understand that the relations then established have been continued down to the present time?—They have been continued and developed.

673. Have you had no difference of opinion during that period?—We have had many differences of opinion, but we have had no breach of agreement or any great difficulty in working together.

674. And you have done so to your mutual advantage?—Yes.

675. You made a very good thing out of it?—We might have made a very bad thing of it if we had not worked together.

676. Subsequently to that a further arrangement was made, was it not, that the Great Northern Company should carry on the working at Shanghai with a British controller, and that the Eastern companies should conduct the working at Hong Kong with a Danish controller?—That was so.

677. Has any new development occurred in that connection recently?—There has been a good deal of agitation in the local press against the two companies working together.

678. What do you mean by the local press?—The press in China—Hong Kong and Shanghai—and even here.

679. There has been an agitation, and what has been the trend of that agitation?—That British messages passing through the hands of the Danish operators might be communicated to Russia, the Danish operators being looked upon very much as Russian subjects.

680. In the course of that agitation have any facts been brought forward which have, in your opinion, justified it?—No, none whatever. In fact we do not think there has been any justification for the agitation.

681. (Sir John Ardagh.) There are necessarily a large number of Russian officials engaged on the

Northern Telegraph route?—But not by the Danish company. Their employees are Danes principally, all over their system. I do not think that they employ one Russian throughout their service.

682. (Chairman.) Has this agitation had any effect upon the working?—The two companies have decided to revert to the old arrangement to a large extent, not to entirely separate the offices, but to make a distinction in the working—to have separate instrument rooms so that the British traffic can be carried on by the British clerks, and the other traffic by the Danish clerks if preferred.

683. You made that new arrangement after careful consideration, I suppose?—Yes; it has not come into operation yet—it was only decided upon a very few months ago.

684. What were the considerations which guided you, if you say that no effect upon your minds had been brought about by the agitation?—To meet the requirements more particularly of the British Government, because on two or three occasions the British Foreign Office have raised the question, and suggested that we should separate our working from the Great Northern.

685. Well, then, the difficulty was not only a local press agitation, but, at any rate, it affected the minds of the British Government?—I think it was on account of the references in the newspapers that the British Foreign Office made the suggestion to us.

686. Had the Foreign Office reason to complain of secrets getting out?—None whatever.

687. The arrangement had your approval?—It has our approval, and we intend to bring it into force as soon as we can organise the staff, and other necessary details.

688. Do you see any possible disadvantages in that?—It will mean more expense. The object of our working together was to effect economy.

689. Was there no other disadvantage?—There was no other disadvantage, and, of course, we have always endeavoured to work these companies on international lines.

690. (Sir John Ardagh.) What is the present staff of the Shanghai offices?—At the present time it consists of as many Englishmen as Danes, but in normal circumstances there are very few Englishmen there—our controller and, perhaps, one supervisor. At the other end of the line—Hong Kong—just the reverse is the case. They are nearly all English, and only two Danes.

691. Then, as regards the prolongation from Shanghai to Chefoo and Peiho, what are the staff employed there?—Roughly speaking, half and half, British and Danish.

692. Although that is ostensibly a Chinese line, it is virtually a line which is still being run by the joint Eastern and Northern?—Exactly.

Mr. F. E. Hesse.  
5 Mar. 1901.

## FOURTH DAY.

Tuesday, 12th March, 1901.

PRESENT:

The LORD BALFOUR OF BURLEIGH, K.T. (Chairman).

The MARQUIS OF LONDONDERRY, K.G.  
The EARL OF ONSLOW, G.C.M.G.

Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.

ROLAND WILKINS, Esq., Secretary.  
J. H. LINDSAY, Esq., Assistant Secretary.

Mr. BENJAMIN PLUMMER, called; and Examined.

693. (Chairman.) We understand that you have been for several years Honorary Secretary of the Associated Chambers of Commerce of the United Kingdom, and Secretary of the Newcastle and Gateshead Incorporated Chamber of Commerce?—That is so.

694. And both those Associations have for some time

advocated the establishment of all-British mail and telegraphic routes?—Yes.

695. And you have been requested by the Council of the Associated Chambers to represent that Association here to-day?—I have.

696. I suppose from what you say that you came not

Mr. B. Plummer.  
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Mr.  
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so much as an expert in telegraphic matters, but you desire to impress upon the Committee the strength of the opinion that exists on this subject. Perhaps you will use your own words?—I am not an expert scientist in any sense of the word, although I do know a little about it; nor do we do, as Lord Londonderry knows, anything like the telegraphic business from the North in connection with coals and pig iron, etc., that they do in Manchester or Liverpool in cotton, etc. Thus we are not so deeply interested in the rates as those places are, and therefore we have not paid that close attention to them. It is just 20 years since I was first elected honorary secretary of the Associated Chambers of Commerce, and, of course, we have had a very large number of subjects before us, but I know of no subject, either at the Associated Chambers or at the Congresses of the Chambers of the Empire that have been called by the London Chamber of Commerce, the fourth of which sat last June, the third four years before—that has been so unanimously agreed upon. There has not been a single dissentient voice in very large meetings against the desirability of having all-British telegraph routes, not necessarily cables in all cases, between, at any rate, the great colonies and principal possessions of the Empire.

697. I need not take you over the whole of the resolutions which have been passed, but I understand that you put in copies of the resolutions that have been passed, and which have been printed in this paper which I hold in my hand?—Yes. The following are the resolutions:—At a general meeting of the Association held at Huddersfield in the autumn of 1894, the following resolution was passed unanimously: "That this Association expresses its hearty approval of the resolutions adopted by the Inter-Colonial Congress recently held at Ottawa in favour of Inter-Imperial Postal and Telegraph Routes between this country and the Colonies themselves respectively, without such routes passing through other countries." At the third Congress of the Chambers of Commerce of the Empire, called by the London Chamber, and held on June 9th, 1896, as the representative of the Newcastle Chamber, I submitted the following resolution: "That as far as possible it is most important that Inter-Imperial Postal and Telegraph Routes should be established between this country and the Colonies, as well as between the Colonies themselves, without such routes passing through other countries." The following resolutions have also been passed by the Associated Chambers of Commerce at the annual meeting in London in March, 1899: "That this Association would again impress on Her Majesty's Government the necessity of aiding as far as possible in the establishment of telegraph routes between this country and the Colonies and between the colonies themselves respectively, without such routes passing through other countries, and with this object in view would respectfully urge the Government to at once join Canada, the Australian and other Colonies, in carrying out a Pacific submarine telegraph cable as being a material portion of the complete scheme." And at the meeting in Belfast, in September, 1899, as follows: "That this Association would urge on Her Majesty's Government the great importance of encouraging in every way the formation of such telegraph lines as may be necessary to bring about a complete system of inter-Imperial telegraph routes without passing through other countries"; and the following resolutions are on the agenda for discussion at the meeting now being held: Newcastle and Gateshead—"That whilst expressing satisfaction that after numerous delays the negotiations connected with the formation of an all-British Pacific cable have progressed sufficiently to enable a contract for laying the same to be entered into, this Association would strongly urge on Her Majesty's Government the absolute necessity that exists, both on account of the defence of the Empire and the promotion of its commerce, that immediate efforts should be made and actively continued until all parts of the Empire, whether colonies or dependencies, have lines of telegraphic communication with each other as well as with the Mother Country, without such lines passing through any foreign countries or possessions." Liverpool—"That every reasonable support be given by this Association to the Imperial Telegraph Committee of the House of Commons in their efforts to promote inquiry (1) into the questions of telegraphic communication between the different parts of the Empire and the charges for the same, with a view to increased efficiency and economy in the telegraph service for commercial purposes; and (2) into the cable arrangements for Imperial defence." South of Scotland—"In the interests of commerce and defence, the time is come when it is imperatively necessary that there should be telegraphic

communication with all our Colonies and dependencies, apart from the jurisdiction of foreign nations and entirely under the control of the Imperial Government."

698. I do not understand that you have formulated any particular scheme?—We have not done so. I regret that I am giving evidence to-day before the resolutions which are coming on at a meeting of the Association, which has already started this morning, have been passed, because had they been discussed previous to my coming here I should have endeavoured to get some instructions from them as to particular points to which to draw the attention of the Committee. The opinions at the end of the printed resolutions are practically drawn from remarks that have been made by various speakers to the resolutions at the various meetings that we have had. You will see that the remarks begin, "The Chambers of Commerce have not formulated any particular scheme, not being in possession of the necessary information to enable them to do so." But the unanimous opinion is that it is desirable to have a system of all-British routes, connecting all the principal possessions of the Empire.

699. When you use the word all-British route, you mean, of course, a telegraph line which touches only British soil?—That is so.

700. Take it on that again: is there any commercial advantage to you in the fact that the cable should be all-British?—There would not be in time of peace, but it might be very awkward for us if in time of war all commercial telegrams were stopped.

701. In other words, your position is rather strategical than commercial?—It would affect, of course, all commercial transactions if the cables were cut during a period of war.

702. Do you wish to make out that there is any greater likelihood of an all-British line being safe in time of war than one which goes along the ordinary commercial routes—whether British or not?—Yes, I take it that the lines passing across Europe, and also the Mediterranean cables and those passing down the Red Sea, would be all liable to be stopped in certain cases within a minute or two of war being declared.

703. For commercial purposes?—Yes, for commercial purposes too; at least, we would be at the mercy of foreign countries.

704. That is rather a contrast between a land line and a submarine cable than between an all-British and a commercial submarine cable?—That is so. But it depends to a certain extent as to where the submarine cable touches the land, that is where the shore end is. If you have a submarine cable, and you land on foreign territory, then you get the same difficulty.

705. Now, supposing that there were two routes, one of them, as you described, an all-British route, and the other one which was not, but that the all-British one from the point of view of a telegraphic expert, was an inferior line, which would you choose?—Well, of course if you mean by an inferior line, a line that does not work so well or so rapidly, the commercial people would take the more rapid one undoubtedly, unless there was rather an extreme degree of patriotic feeling about it.

706. You would agree with me, I suppose, that we, as citizens of this Empire, gain a considerable advantage in the fact that nearly all the cables of the world are, as a matter of fact, owned by British subjects—you agree to that?—Yes; with one or two exceptions.

707. If we were to change the policy, and instead of British subjects owning cables all over the world, we were to insist that all new cables were to be "all-British," do you think that that state of things would continue?—It would be English capital that would be invested, just exactly the same; it does not follow that we destroy the existing ones.

708. But would not it tempt other countries into the same line of policy, so that they would commence rivalling us, and having syndicates and arrangements amongst themselves to get cables not owned by British subjects?—That has already begun both in Germany and France.

709. Do not you think it would give a great impetus to that policy?—It might to a certain extent give an impetus to it, but I do not think a great one; besides we would get the benefit of competition.

710-11. If other people who have looked into the thing find that it would have that effect, would that change your opinion?—Well, I do not profess to place my

opinion against gentlemen who have gone very carefully into that consideration, but I do not think it would have that effect. I have paid some attention to the subject, and I do not think that it would have any great effect because the great business would be between England and our Colonies, and between the Colonies themselves and the foreign cables would go to other places. The French cables, for instance, are not going to touch a single British colony as far as I know.

712. Let me ask you on another point. Excluding for the moment the Pacific Ocean and that side of the world, do you think that any new cables are wanted at the present time?—Well, that of course is to a certain extent an expert question: I understand that negotiations are at the present time going on, and I saw an answer of Mr. Chamberlain's, I think, in the House last night upon the terms of the agreement with reference to the cable from South Africa to Western Australia, Ceylon and India, *via* Keeling Island. I think that it is very essential.

713. Have you any new cables to suggest to us except that?—Yes, one from somewhere about the Island of Trinidad across what you may call the South Atlantic to Ascension. The line from Bermuda to Jamaica, and then on to Trinidad is already laid.

714. Have you any other?—From Trinidad to Ascension across the Atlantic.

715. Do you suggest any other?—Yes, from Australia, say Port Darwin, northwards to Borneo, Singapore, India and China, and that would give an alternative route to India and China.

716. Have you any complaints to make about rates?—As I said before, we do not do a very great amount of telegraphing from the North of England, but we do consider the rates too high.

717. From the north-east of England you mean, because they do a great deal from the west?—I mean the north-east coast, the Northumberland and Durham coal field and shipping.

718. I see in this paper this paragraph. "It is an open question whether the necessary cables for a complete system should be the property of the Empire or of a company, with the guarantee of a minimum rate of dividend." Do you wish to carry that any further, or do you wish to leave it an open question?—I leave it an open question. I should say from what has been stated at our meetings that there would be a preference in favour of having a complete system, managed by a commercial company with a Government guarantee of a minimum rate of dividend, the Government having a certain control over them.

719. You imply in that answer that the cost of the up-keep and maintenance of the dividend is to be paid out of the money earned—you were not asking for a subsidy for commercial purposes?—But there are certain parts of a complete system that would not pay in themselves, and the Government grant would be somewhat similar to the guarantee on the Indian railways, that if the cables did not make enough the Government would make it up to the guaranteed minimum.

720. Would not that be taxing the community at large for the benefit of those who use the cables?—Not if you look upon it in the light of an article of Imperial interest, a part of the defence of the Empire.

721. You do not ask that the community at large should be taxed for the benefit of those who use the cables?—No, I do not; they would get a *quid pro quo* to a certain extent by an increase of trade, over and above the advantages arising from the better defence of the Empire.

722. Have you considered the question of whether such a system as you describe being under Government control would hamper the companies in getting any landing rights in foreign countries?—I have not considered that question very closely. It might in some cases, but foreign countries will have to ask us and ask our Colonies for landing rights if they go in for cables as has been suggested, and we would say we must have reciprocity. The Germans, I believe, are negotiating or suggesting a landing right in Ireland.

723. Have you any views to express on the question of urgent and deferred telegrams?—No; I have not gone into that question at all.

724. (Lord Onslow.) I think your evidence rather pointed to the fact that you wanted an alternative route; at any rate, you wanted one all-British route to all parts of the Empire?—Yes; an all-British route to all parts of the Empire.

725. But I do not understand that you object to have as many more cables as possible, though they touch upon foreign soil, so long as you have one all-British route?—Certainly not, we would have more if we could get them.

726. You know that there is a contract for an all-British cable from England to Canada, and from Canada to Australia?—Yes.

727. Has that been done before or since the last meeting of the Associated Chambers of Commerce?—The contract has been let since, but if you will look at page 1 of my memorandum you will find a resolution from the Newcastle and Gateshead Chamber, which I represent, that is coming on for discussion at a meeting of the Associated Chambers, which is now being held, and that resolution says: "That whilst expressing satisfaction that after numerous delays the negotiations connected with the formation of an All-British Pacific Cable have progressed sufficiently to enable a contract for laying the same to be entered into, this Association would strongly urge on Her Majesty's Government the absolute necessity"—of going on.

728. I see it continues, "until all parts of the Empire, whether Colonies or Dependencies"—is that intended to go to the very smallest Colonies?—That is a question really for His Majesty's Government to consider.

729. I want to know what your Chamber thinks about it?—Well; we have not gone into the question of details as far as that is concerned. There are some small Colonies where certainly a commercial submarine cable would not pay, but at the same time it might be well worthy of consideration on the score of defence.

730. Supposing South Africa and Australia, and Canada and Australia, were all knitted with England by all-British cables, and any other cable would be not likely to be commercially safe, and would involve probably a heavy subsidy, would you still urge that there are parts of the Empire to which an all-British cable ought to be laid?—It depends upon the value of the stations entirely, as commercial stations and as military stations. If it was a coaling port, or something of that kind, or a harbour which would be useful to His Majesty's Government, that would be a consideration.

731. You mentioned one or two cables, one from Trinidad to South Africa?—Yes, across to the cable that has recently been laid, coming up the west coast of South Africa—it lands at St. Helena and Ascension.

732. To connect Trinidad and Ascension, is that what you mean?—Yes.

733. That is to serve the West Indies?—It makes an alternative route at a comparatively small expense.

734. To Ascension and the Cape?—Yes.

735. It is a step in advance, you will admit, to have got a cable from London to Ascension and St. Helena to the Cape?—But that lands in Portuguese territory.

736. No doubt that is the case. You also mentioned I think, one from India to Australia?—Yes.

737. But if you have a cable which is about to be laid from Perth, Keeling, Seychelles, Aden, and Bombay, would not that answer the requirements?—If you go to Aden and Bombay, I think it might.

738. Generally, may I take it that since the last meeting of your Chamber of Commerce a good deal has been done in the direction of laying all-British and alternative routes?—Yes.

739. And also in the reduction of rates?—Yes, I believe in some cases there has been a reduction. There is one point I should like to emphasise which I have not referred to yet, and that is the terms of agreement. In any new cable agreements we think that there are two very material questions—one is that there should always be a power reserved for the Government to purchase the cable at any time for reasonable and fair value, settled by arbitration; and the other that there should be no exclusive landing rights given to any one cable.

740. First of all, as to the question of purchase: you mean by no landing rights, I presume, that no landing rights should be given except on conditions of compulsory expropriation?—No, what I mean is that you should not give an exclusive landing right, but reserve a right to grant others.

741. First you said that the Government ought to reserve the right of expropriation?—Yes.

742. How is it to do that—what hold has it over the

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744. The second point is that there should not be exclusive rights to any one company?—Yes.

745. That is to say that you would have free trade in landing rights?—Yes, to have the power to do it.

746. Would that apply equally to foreign countries or foreign governments?—If they refused to give us reciprocity in the same way, certainly.

747. Are you speaking of Great Britain or of the Empire?—I am speaking of the Empire.

748. You are aware, of course, that in the case of the self-governing Colonies that is a matter that is entirely within their own discretion?—Quite, it would

have to be arranged between the self-governing Colonies and the Government here in England. I want the Committee to reserve this particular consideration, that I have not definite instructions upon these points from our Associated Chambers of Commerce. I am speaking generally from the tone of the debates that have taken place. We have not had a discussion, nor have we had a committee to consider the questions since so much progress has been made. We have contented ourselves by expressing an academic opinion that all-British cable routes should be made as far as possible to every colony and possession of the Empire. That is as far as we have gone, but judging from the tone of the debates and the opinions expressed I consider that I am justified in giving the evidence that I have done.

749. (Chairman.) Have you anything more to say?—I have not.

Mr. ELIJAH HELM, called; and Examined.

Mr. E. Helm. 750. (Chairman.) You are secretary of the Manchester Chamber of Commerce?—Yes.

751. And you have been appointed by them to come here to-day to speak for them in regard to the subject of our inquiry?—Yes.

752. Unlike those whom Mr. Plummer represents, I suppose that a considerable part of your foreign and colonial business in Manchester, both export and import, is transacted by telegraph?—Yes, as far as the East is concerned, practically all—at least 95 per cent.

753. When you say the East do you mean India, China and Japan and Southern Asia generally?—Yes.

754. You put it as high as 95 per cent.?—Yes.

755. Is that a condition of things of recent development?—I have no doubt it has been growing, but I should think that fifteen years or twenty years ago it was almost as great, but I have not made precise inquiries upon that point. I know that it was very large 15 or 20 years ago.

756. Do you come here to support the idea of an all-British system of cables to the Far East?—That question has not been particularly considered by us at the Chamber, nor is there very much talk about it among merchants. Although there would be individuals inspired by what is called the patriotic feeling, that would not enter very much into our view. But regarded as a method of getting rid of injurious foreign influences at the International Conferences and also of the companies which we have found to stand in the way of reforms—in that light a system of all-British cables should enable us to get rid of the obstacles proceeding from the International Conferences, and we should support it.

757. Would the introduction of an all-British system effect your object?—I can conceive that it might, but I have never gone into the question as to whether it necessarily would do so.

758. Take it from me that it would not unless this country freed itself from the Convention altogether?—Quite so. But at present we do find that the International Conferences are constantly pleaded by the authorities at home—the Postmaster-General, for example—and therefore we do feel that anything which can get rid of the obligation to obey a Conference which stands in the way of improvement, would be of advantage.

759. Are you here to ask that this Committee should recommend the Government to free itself from the Convention?—I would not put it so broadly as that, but at all events to free itself from the particular kind of restrictions to which I refer.

760. Is it possible, supposing the others do not consent, to take part and leave part. Is the position not this: You must take the Convention and stand to it, or else leave it, and take the consequences?—I do not think we have considered what the full consequence would be of altogether retiring from the Convention, but what we do wish to put before the Committee (and I am instructed to do it) with great force and emphasis—

761. It is entirely within your right, it is what you are here for. Perhaps you would specify to us the special restrictions involved in the Regulations and Convention to which you particularly object?—Well, taking into consideration the fact that the business is done almost entirely by telegraph with the Eastern countries, we think that the present charge for tele-

graphing might be reduced with enormous advantage to trade and without disadvantage to the revenue from the cables.

762. Yes, but what are the restrictions? That is what I want you to tell me?—In the first place I take exception to the veto upon *bona-fide* geographical words in codes.

763. Do you know what the original reason for the exclusion was?—We suppose it was to prevent the use of fictitious geographic words. For example, a set of prefixes might be selected, such as North, South, East, West, Ender, Somer, and combined at will with a set of suffixes, such as berg, by, ton, down, field, brook, bed. Such combinations might or might not be real names. But it was always within the power of the administration to challenge such words and to require a "dictionary" authority for their employment. Instead of using this check it was decided to reject geographical names altogether, except when employed in a natural sense, in a code telegram. Yet these words were amongst the most suitable.

764. Suitable words for what?—For telegraphing for code purposes; because of their euphony and familiarity. Their rejection, however, compelled merchants to find very much more ingenious methods. What we desire is complete freedom to use any legitimate word.

765. Do you admit any word in any language?—A word of the right number of letters, and being a *bona-fide* word.

766. Do you admit any word in any language?—We would admit any word in any of the eight allowable languages, not in any other. Any *bona-fide* word in any of the eight languages, and we contend that the right of challenge would always remain, and that it would in effect prevent the use of any illegitimate word.

767. That is one restriction to which you object; would you give me another?—Another is the intended infliction of an official vocabulary, to which we very strongly object.

768. Is there not a vocabulary now?—There is none enforced at present.

769. There was at one time, I suppose?—No; there was one which fell still-born from Berne, and it contained only 80,000 words, but we have in use in Manchester codes which contain 400,000 words, and they are continually increasing, and it is the need of expansion that prompts our objection to every kind of limitation to the use of a legitimate word.

770. Have you made a representation to the management of the telegraph companies against these restrictions?—No; we have done so to the Postmaster-General on two or three occasions, and I myself was present at an interview with the late Postmaster-General and the two delegates just before they went to the last Conference but one.

771. Do you know what the case of the telegraph companies is in answer to you; what do they say is the reason for maintaining the restrictions?—I do not know except this: I understand they wish to put in the hands of every postmaster who receives a code telegram power to determine on the spot whether a word may be employed or not, and having the vocabulary by his side he can refer to it, and determine whether it is, or is not, a legitimate word.

772. In other words, it is an easy and expeditious mode of deciding whether or not a telegram should be

accepted?—Yes, and we understand that that proceeds from the influence of some of the Continental powers, who wish their postmasters to have authoritative vocabularies by them.

773. Would that enable the postmasters to translate the telegram?—Not in the least.

774. Not necessarily?—Not at all. Our answer to this plea for vocabularies is that the right of challenging a word is effectual.

775. What restrictions would you place, or would you place any restrictions upon the use of words on the part of those who wish to telegraph to the East?—None, except that it should be an intelligible word, one which can be found either in a dictionary or some standard work within the eight languages, and which does not exceed ten letters.

776. In other words, you must have some standard volume to which reference can be made?—Not necessarily at all. If it be an intelligible word, and within the prescribed number of letters, and within the eight languages we think that it ought to be accepted.

777. I do not want to argue with you, but who in the last resort is to decide whether it is an intelligible word or not?—If I go into a post office, and the postmaster says it is not intelligible, I say it is intelligible, and he says that it is not to him, and I say that he is not so clever as I am; who is to decide between us?—The sender of the telegram can be called upon to show that he has dictionary authority; in fact at the one end or the other the sender or the receiver could be called upon to show that it is intelligible.

778. And you would show it to whom?—To the authorities at either end.

779. What is to happen, if you stop it. Of course at the beginning of the journey the object of the sender fails. If you ask for the explanation at the end, and the receiver fails to satisfy the question, what is to happen?—These words are drawn from carefully prepared printed codes. They cost some firms as much as £2,000 to produce, and they are made with great labour and skill; there are huge volumes of them. No one would be likely to put into his code a word to which objection could properly be taken.

780. Excuse me, we are at cross purposes. You admit as I understand that there must be a list of words?—No, not at all, not a vocabulary.

781. I take your own expression, a list of words; your books which you have got in Manchester, which have cost you £2,000 or £3,000, contain a list of words?—Yes, with their code meanings. The distinction which we make between the word "vocabulary" and the word "code" is that a vocabulary is simply a list of words, and nothing else; the code is a list of words with meanings attached, and I am speaking of that.

782. I am afraid I do not quite understand the difference between you and the telegraph companies. You say that any intelligible word should be sent. Do you object to having a list of intelligible words?—A general list no—we object to having a general compulsory list. At the present moment, for example, there is no vocabulary—no enforced vocabulary, but the sender or the receiver of a telegram may be called upon—has been on some occasions—to show that a word is a legitimate word, and we hold that that check which has been the only check is sufficient.

783. You give me a list of examples, I understand, of what you mean?—What I wish to say is that it is impossible for any person to compile a vocabulary which shall not leave outside an immense number of perfectly legitimate words, and I want to show that the present Berne vocabulary, compiled as far as the letter L, really does overlook an enormous number. Here in this list are 120 words between Ana and Ane, perfectly legitimate words, and 79 of them are not contained in the new Berne vocabulary.

784. What is your definition of a legitimate word?—Having the right number of letters and being an intelligible word within the eight languages.

785. Now, I will take one or two of this list and try it by your test. I find that the very first word is Anapa, what is the meaning of that?—I am not myself a biologist, but it is taken from either Lindley's "Vegetable Kingdom," a book fifty years old, or from Cuvier's "Handbuch der Zoologie," thirty years old. These are

words taken from well-known literature, and are eminently suitable for telegraphing purposes. The list is as follows:—

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#### BIOLOGICAL WORDS.

Anapa.	Anchistoma.	Androcera.
Anapausia.	Anchomasa.	Androcoma.
Anapera.	Anchon.	Androdon.
Anaperus.	Anchonidae.	Androrhiza.
Anaphes.	Anchonium.	Androstonia.
Anapores.	Anchorella.	Andryala.
Anarmosa.	Anchusidae.	Andyomena.
Anarrhinum.	Ancillina.	Aneathia.
Anarta.	Ancinus.	Anelema.
Anarthria.	Ancistrus.	Anelasma.
Anaspis.	Ancodus.	Anelastes.
Anasser.	Ancorina.	Anellobia.
Anastraba.	Anctus.	Anellum.
Anasyllis.	Anclusa.	Anema.
Anatherum.	Ancylea.	Anemanthus.
Anatimya.	Ancylogyne.	Anemiopsis.
Anatinella.	Ancylopoda.	Anencheilum.
Anatropa.	Ancyronyx.	Anepsia.
Anaulax.	Andamia.	Anesorhiza.
Anaulus.	Andersonia.	Anetia.
Anaxagorea.	Andiscus.	Anetium.
Anazola.	Andrea.	Anetura.
Anceus.	Andrapsis.	Aneurida.
Anchilopus.	Andreoskia.	Aneura.
Anchinia.	Andrewsia.	Aneuriscus.
Anchisomus.	Andrieuxia.	Aneurus.
Anchistea.		

786. There are 120 words in this list?—Yes, they are taken at random from an actual code.

787. Would you think me very ignorant because I do not off-hand know a single one of your "intelligible" words?—On the contrary. I do not think I understand one myself, but I do not wish to limit the meaning of the word "intelligible" to even those which the most cultivated and best read men can understand.

788. (Sir John Ardagh.) Is it not the case that vocabulary words are selected with the express intention of avoiding all words of common use, and with any significance, in order that all ambiguities may be got rid of?—I should think it would be quite likely that that would be so. I know that we find in compiling codes (I have had something to do with them myself) that these scientific terms are eminently suitable, and eminently suitable from the point of view of avoiding error.

789. (Chairman.) I will take you on that point. Supposing a telegraph official receives any one of these 120 words, some of them, if you will excuse me saying so, rather long and containing diphthongs and unusual vowels, how is the man to know that he has had it correctly transmitted to him?—As a matter of experience we find that those words do come with wonderful accuracy; that is the best answer I can give.

790-91. At the same time, the man himself cannot know. He must take it on trust. Is not that so?—Quite so; still he would have the right to challenge and require an authority for their use.

792. Do you know of your own knowledge that it was owing to the influence of the British delegates that the original Berne vocabulary was rejected?—No, but we know that the delegates themselves were generally with us. We believe that the first Berne vocabulary was so obviously a mistake, so poor a thing altogether, that it condemned itself. And further, if I might be permitted to interject, the first Berne vocabulary did use geographical names, although they were and are excluded by regulation.

793. As you do so much of your business from Manchester by telegraph, it would be a serious injury to you if by any change in circumstances other European countries were able to telegraph at a cheaper rate than Great Britain to the far East?—Yes, it would be a disadvantage.

794. If there was a serious risk of such a new departure being made, provided we, as a country left the Convention, that would be a considerable argument in favour of maintaining our connection with it, would it not?—Considerable, I should say.

795. But almost overwhelming, would it not?—I do not think so. It would be a balance of advantages, and the disadvantages which I am endeavouring to place before you are not of recent origin at all; they have been on our own minds for a long time, and we

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have made many representations to the Postmaster-General's Department about it.

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796. Manchester would not look with equanimity upon either France or Germany getting a cheaper telegraph rate to China, for instance, word for word?—I am very doubtful whether that would be a serious consideration, because although the cost of telegraphing weighs very heavily upon our business (I have the proportions which I should like to submit to you later on) yet our business does not hang by so slender a thread as that. Our argument is not so much that we are placed at a disadvantage with regard to foreign countries, but that our business itself is hindered, and I shall be able to show how it is hindered, and made difficult, and made costly by these restrictions.

797. But I thought things nowadays were cut so fine between one country and another that very little might turn the scale?—That may be so in some classes of business, but between Manchester and India, for example—

798. I happen to have been on the Currency Committee for some time, where it has been said that a very small turn in the exchange would be very prejudicial to Manchester in those trades?—Yes, it used to be, but that difficulty has been practically got over.

799. Would not a change in the tariff per word of the telegraphing rate, if you do 95 per cent. of your business by telegraph, be a serious matter?—It would. Perhaps I may mention now that the cost of telegraphing in the India business is from  $\frac{1}{4}$  to  $\frac{1}{2}$  per cent. of the value, and the whole business is done upon a very small profit margin indeed. Manchester goods may be bought in the bazaars of Delhi, or any part of Upper India, at very little more than the wholesale price in Manchester, and it is felt to be a great grievance that this charge should remain so high. I am speaking now with regard to rates rather than to codes.

800. You do not quite follow my question. I want you to consider your answer as to whether an increased charge, or rather a larger relative charge upon British telegraphing business to the East—larger relatively to what might be charged in European countries, provided there was no Convention—assume for the moment that the Convention is what keeps it equal—would not that be felt to be a serious drawback to you in Manchester?—It would depend upon the amount no doubt, but I do not think that even a very considerable one would make so serious a difference. But, of course—

801. I want you to use particular terms. You say "a very considerable one." What number of pennies per word do you consider "very considerable"?—I think that seeing it is possible to lay a cable, according to the authorities, between here and India, and transmit words between here and India at the rate of 1s. 7d. per word, I think that 4s. a word is a "very considerable one."

802. You have not answered my question. As between one European country and another what number of pennies per word would you consider to be adequately described by the words "a very considerable difference"?—I should think, for instance, that seeing that it is possible to telegraph from some parts of the Continent for 6d. a word to India, and from England we are charged 4s. a word, I think that would be a serious difference against us. I assume that from Eastern Europe it would be possible—

803. Do you mean to tell me that you would look with equanimity upon a trade rival (St. Petersburg hardly comes under that designation), having a word rate of 6d., while you were charged 4s.?—I do not think, for example it would be sufficient to transfer the cotton industry to Russia, and I do not think that it would very seriously help the cotton industries of any part of Europe to supplant us in India; but it is felt to be a very serious cost indeed to us, viewed in regard to the whole of our trade in itself. It is done upon so narrow a margin, and that is one of the reasons why we retain it.

804. We can easily follow on from that. You complain also—you were beginning to speak about it when I asked for an answer to my question as to what you described as the unnecessarily high rates to India?—There I cannot speak as any kind of authority, but I have read that it is possible to telegraph by adding together the separate charges through various countries through which the wire passes to transmit messages at less, and I have

also heard that if a new cable can be laid between here and India, laid the whole way through the Red Sea, that it would be possible to transmit messages at something like 1s.

805. You say you have heard that; but I think you know for the purpose of a Committee like ours we must have something a little more definite?—That is all I can say on the question of European competitive rates. I do not come to give evidence as an expert in cables, but only as knowing much about the cost of code telegraphy.

806. However, you do say that the rates are unnecessarily high?—We think so.

807. Tell us on what ground you have arrived at that opinion—I am not expressing any opinion of my own adverse to you, understand?—First, because of its excessive proportion upon business, and next upon the fact that there is a class of business which might add to the traffic if the rates were very much less. Might I give an illustration from a long experience. Almost every day something of the following kind happens in Manchester: A, an Indian merchant, asks from B, a cotton manufacturer, a list of quotations. He gives them. The merchant says, "My offers are so-and-so"—appending his offers to the list of quotations. There is a wide difference. The manufacturer says, "I will make such-and-such modification, and offer you those firm until tomorrow, and you wire them out." The merchant says in the present state of the market it is not worth the cost of a telegram.

808. He says that for himself?—He says that to the manufacturer. "I won't telegraph them, because the chance of getting the order is too remote to make it worth the while at the present cost of a telegram."

809. Would you advance in support of your statement of unnecessarily high rates that you find them oppressive to your business?—I say that they prevent a class of business—I would not say that they are oppressive—but they prevent a class of business being done which would bring additional revenue to the cable companies.

810. But surely the real test of a rate is the margin of profit at which the telegraph company can do its business, not the amount of burden which is upon the business of the telegrapher?—There I must rely upon information drawn from people who have studied the subject. We understand and believe that it is possible to conduct the business at a less charge than 4s., and with advantage to the cable proprietors.

811. I meet you at once that that is one of the points which we are inquiring into, but if you have nothing of that line I will not ask any more questions?—I have not. My evidence is here that a very considerable increase of business would result from an important reduction in the rates.

812. Have you represented that to the telegraph companies?—We have never had anything to do with the telegraph companies. We have represented it to the Postmaster-General.

813. I have no doubt that he dealt with it suitably, but would not it be a business-like thing to go to the telegraph companies, which are private enterprises, and say that we could bring you such-and-such access to your work, and it would bring you a profit, and see what they say about it? They are generally supposed to be pretty well alive to their own interests?—I am afraid that they are so much linked together that it would be difficult, but I should be very happy to put it before the merchants to see if it is possible to do anything of the kind. I have no faith in its having any useful effect.

814. In the paper you have been good enough to send to me you have made a comparison between the number of words telegraphed in 1885 and the number of words telegraphed in 1896, with the revenue for those years, showing that there has been an increase in 1896 over 1895 in number of words of 116,000, but a decrease in revenue of £29,000?—Yes.

815. I want to ask you what inference you wish us to draw from those figures?—I think that there was a slight reduction in the first of those years, but if I might hand you in the whole series they might be useful to you.

[From a memorandum forwarded by the Eastern Telegraph Co., Ltd., to the Glasgow Chamber of Commerce, June 8th, 1899.]

The traffic between India and Europe has been shown by experience to be a non-expansive one, and the companies consider that it would require a very large reduction of tariff to materially increase the actual traffic car-



ried. The following figures will speak for themselves. The tariff was reduced to 4s. per word on the 1st July, 1886:—

	Words.	Revenue of Administrations owning the Telegraph Lines between India and Europe.
		£
1885 . . .	2,158,521	394,270
1886 . . .	2,153,507	374,121
1887 . . .	2,134,002	342,271
1888 . . .	2,110,163	334,129
1889 . . .	2,020,149	328,490
1890 . . .	2,111,456	338,394
1891 . . .	2,250,074	354,749
1892 . . .	2,300,823	364,196
1893 . . .	2,367,353	376,237
1894 . . .	2,190,102	347,728
1895 . . .	2,193,916	358,724
1896 . . .	2,180,158	353,683
1897 . . .	2,370,013	370,428
1898 . . .	2,275,371	365,019

816. You have given me the whole series of years from 1885 to 1898. Will you expound this table, and tell us the inferences you wish us to draw from it?—The inference to be drawn from it is that, although business between India and the United Kingdom has increased greatly, and the telegraphic correspondence has increased, the number of words has but slightly increased, and the revenue has fallen off. We attribute that to the great improvement in codes. We are able to-day to put twice and thrice and four times as much into a code word as we should have done 25 years ago.

817. No one will grudge you that advantage; but what inference do you wish us to draw from it?—This: that every restriction that has been imposed during the last 20 years upon the use of code words has not had the effect of increasing the revenue in proportion to the business, but of diminishing it.

818. In other words, it has stimulated your ingenuity, and you have got round the restriction?—Yes, but at enormous cost; and with the necessity of continually reprinting our codes. We say that even if further restrictions were resorted to, we should find means of overcoming them—at least, we think so. This is an argument, it seems to me, of which the companies would do well to take heed—that, in fact, their interest lies in making telegraphing cheap, because there will be a great deal more of it, and there will be less incentive to economise in methods.

819. In other words, the cheaper the rate per word the less incentive there is to you to economy of the words at the risk of clearness to the man at the other end. That is your point, is it not?—That is so.

820. Do you wish to say that applies to figure and letter groups?—No, except that the mode of using figure and letter groups has been found wonderfully serviceable—that is to say, in the code you have figure groups answering to letter groups.

821. Are the figure and letter groups cheaper than codes?—We do not know anything else but the figure and letter groups.

822. Would you describe to me once more what you mean by a code?—A code means a list of words arranged alphabetically, which through the medium of corresponding figure groups have meanings attached to them. For instance, the word "anaphes" will be found to have attached to it a figure group, and that figure group is by the remainder of the code enlarged to mean many things.

823. Why do you want both a figure group and a code word?—We do not. The word and the figures, which it represents, are in the code. They are exchangeable in the code, that is to say, we do not want both in the telegram.

824. (Lord Onslow.) But many codes have a code word and a figure group?—Yes, they all have figure groups attached to the words.

825. (Chairman.) Which is the most costly—telegraphing the code word or a figure group?—There is no difference between them. The code word is translatable into a figure group which gives the meaning of the information upon reference to the various sections of the code. The code word represents a figure group with which letters are frequently combined. The word only

is sent in the telegram. This is interpreted by the corresponding figure group in the code, and this again embraces various kinds of information. Figures in code telegrams are given in their natural sense.

826. When you say that a rate is unfair or unnecessarily high, can you give me any test by which you and those for whom you speak would be satisfied if it was applied to a rate to find out whether it was fair or not?—One test is that the correspondence of a firm ought not to cost it from one quarter to one half per cent. of its business, especially a large business.

827. That may be so, but if it does not pay that would not be a universal test, because your business might have so narrow a margin of profit that in a really expensive system of telegraphing—more expensive than India—your profit would not bear it. That test would fail?—I quite see that, but I am speaking solely from the Manchester point of view. An enormous business is done upon a narrow profit margin.

828. Let me take an illustration from railway matters, which will appeal to you at once. Supposing I am a coal merchant in Scotland, and I could not send coal to London by rail because my coal would not bear the charge that the railway companies would put upon it; but yet, even though their rate was so high that I could not afford to pay it, it might be a losing rate to the railway companies on account of the length of the haulage. Is not that so?—True.

829. Then you must have other tests than the proportion of the cost to the business carried on by it?—On that side of the question I do not profess to be either an expert or sufficiently exactly informed to be able to go into detail. I can only repeat that I believe from all that I have read that it would be possible to reduce the rate very much if we were now laying down a new cable.

830. You would agree with me that perhaps a fair test of a rate as cost of management, up-keep, sinking fund to restore the capital and a fair margin of profit for the undertaker?—Yes, quite so.

831. (Lord Onslow.) I understand you to say that although the present cable rates are not such as to check the business which Manchester is doing in the East, if they were lowered there would be another class of business which would spring into existence?—Yes.

832. But, as a matter of fact, do you find that the charges are now so high as to put a serious check upon communication to India or the East?—Yes, I have described a class of possible new business, but I am not able to say how much greater it would be.

833. But in the general business of Manchester do you say that merchants hesitate to use the cable on account of the high charges?—They do in certain eventualities, as in the case I speak of, where it is tentative correspondence to see if business can be done.

834. But where there is a certainty of business resulting, there is no hesitation?—There is no hesitation.

835. Do you find that the cable facilities—I am speaking now not of rates but of the carrying capacity of the cables—are sufficient for the business of Manchester?—I have not had a serious complaint or any complaint at all, except in the case of accident or breakdown.

836. Are the breakdowns constant?—I think not.

837. They are not a serious hindrance to business, then?—No.

838. Do you find where business is expanding and the rates are profitable that there is any hesitation on the part of the companies in increasing the carrying power of their cables?—I have not heard of any complaint on that score.

839. Do you know anything of the business to Australia and South Africa, or is your experience wholly in East?—I do not know much personally. We have business with them, but I am myself more conversant with the Eastern business—India and China.

840. Well, now with regard to this class of speculative business, which you say might arise if the rates were cheapened—will it be of any advantage to have two classes of rates, an express rate and a deferred rate?—I should not think so at all. That is to say, deferred in point of time of despatch?

841. Yes?—I should not think so.

842. Your business in the East can only be carried on during business hours in both parts?—That is so.

843. Then there must be a large portion of the 24 hours in which very little business is done?—May I

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say that the India houses receive their despatches usually twice a day. They have them in the morning when they go down to the office, and two hours are employed in translation and handing them out to the buyers, and those who have to deal with them; then they have them in the afternoon, when they go back in the evening from the Exchange. The business is practically constant throughout the day.

844. Well, and during the night, what are the cables doing? Are they lying idle?—I do not think so. They may be sending off the messages or occupied with Press messages.

845. Are these Press messages carried at a cheaper rate?—I am not at all sure of that.

846. You may take it from me that it is so?—I presumed it the other day, and a well informed man said it was not so.

847. You do not think that any cheaper rate for deferred messages sent during the night—during the hours when they are not required for business purposes for Manchester merchants—would be made use of by those people of whom you gave us an example, who might be tempted by a lower rate?—I think it is possible, but I should like to ascertain before speaking definitely about it.

848. With reference to the class of business that you said might arise in the event of the rates being cheapened, do you think that if the time allowed were 48 hours instead of 24 hours, and the rate one-half of what it is now, that that would tempt merchants to use the cables?—I think quite likely it might. May I add to that that there is a tendency in the India trade to diminish the size of orders, a merchant in India buying more frequently than he did? Instead of buying 1,000 bales at once he may buy 100 bales—ten times that would be—with a lower rate business would be done more in that frequent and piecemeal buying than in large lots at less frequent intervals.

849. Your evidence generally is that you would be glad to have cheaper rates, but that you think the carrying capacity of the cables is adequate to the present needs of Manchester?—Yes, so far as we know.

850. (Sir John Ardagh.) I should like to ask you, whether you think that if the control of British telegraphs all over the world were in the hands of His Majesty's Government like the Post Office telegraphs now, that a considerable reduction of rates might be arranged, or would ensue?—We are led to believe that that would be the case.

851. Have you had grounds for forming that idea?—Not except that we understand that the cost of laying down is lessened, and in some cases the capital of the present companies is watered.

852. Then I understand that in the construction of

your codes the practical result is that when the prices which are charged are too high, ingenuity in the construction of codes is encouraged, and it redresses itself to a certain extent by the publication of larger and more complicated codes, which practically amount to a diminution of tariff?—Practically, but it imposes an enormous amount of trouble, and expense in the transformation of the code.

853. Not so enormous I take it. I think you mentioned the sum of between £2,000 and £3,000, but that is merely a drop in the bucket for a telegraph system?—Well, it is more than they like to throw away.

854. Once a code is developed to that extent naturally you never go back on it?—No, you would not go back.

855. That is to say, that the telegraph companies have to submit for ever eventually to that degree of economy which the ingenuity of their employers has devised?—Undoubtedly.

856. Which is equivalent to a reduction of rates, as we have seen from those statistics which you presented in the traffic to India during thirteen years from 1886 to 1898?—Exactly, the only compensation that I can see for a reduction of rates or a removal of the restrictions on the use of codes would be increased traffic.

857. But with code words it is almost impossible to conceive that there would be a very large increase of traffic?—We think there will be a very large increase.

858. Evidently the class of traffic which would be conducted in ordinary open telegrams would be limited to private and personal telegrams between individuals, who form a very small proportion of the clientele of the telegraph companies. You do not expect any enlargement in that direction?—No, but I think if I had half-an-hour to write out, I could point out in which way by reduced rates business would be enlarged.

(Lord Onslow.) Might not we have that statement handed in?

859. (Sir John Ardagh.) Perhaps you will draw up a deliberate statement and let the Committee have it?—I shall be very glad to do so\*.

860. Have you formed any idea as to how the Government should get the general submarine telegraphy of the country into its hands?—That is a subject I have not given attention to. Mine is the comparatively small field of rates and restrictions on codes affecting business.

861. (Chairman.) Have we missed any point you wish to put before us?—I do not think so; I think every point has been taken up.

\* See Appendix III.

## FIFTH DAY.

Tuesday, 19th March, 1901.

PRESENT:

The LORD BALFOUR OF BURLEIGH, K.T. (Chairman).

The Right Hon. R. W. HANBURY, M.P.  
The EARL OF HARDWICKE.

Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.

ROLAND WILKINS, Esq., Secretary.  
J. H. LINDSAY, Esq., Assistant Secretary.

Mr. B. T. FINCH, C.I.E., called; and Examined.

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862. (Chairman.) I understand that you are Director-in-Chief of the Indo-European Telegraph Department, and have prepared this memorandum which I hold in my hand?—Yes.

863. How long have you held your present position?—Since 1893.

864. And before that were you in the Indo-European Telegraph Department?—Yes, I was Director of the Persian Gulf Section at Karachi.

865. In this memorandum you describe first the main routes from India to the West. I suppose I am right

in saying that two of these routes are more to be depended upon than the third route?—Yes.

866. What do you mean by describing the third one as the normal route?—It is the most direct, and slightly the cheapest route. By the Turkish route a telegram is 10 per cent. cheaper than by the other routes.

867. What do you mean by cheaper. Do you mean in manufacture, or in maintenance, or cheaper to work?—No, the tariff is cheaper. By the other two routes the tariff to India is 4s. per word, and by the Turkish route it is 3s. 7d. per word.

868. Why then does not it take the traffic?—Because it is not to be depended upon. The Turkish Administration have not got good signallers, and the line is frequently interrupted.

869. That is the only reason, is it, that it is not more used?—I think so.

870. Do you suggest to us that if it were kept in proper order, and properly worked, it could undersell both the other routes?—Yes, I should say, certainly; that is, provided the International Convention allowed the Turkish route to be much cheaper than the other routes. The International Convention comes in.

871. Will you explain to us in what way the International Convention comes in?—Clause 27 of the International Convention says, "Alterations of the rates or of the bases of application of the tariffs, which may be agreed upon between interested States, must have for object and effect, not the creation of competitive charges between existing routes, but on the contrary, the opening of as many routes as possible to the public at equal charges."

872. I will come back in a moment to your description of the detail of this route; but you say, as I understand, as to one section of it, "That your Department has been trying to obtain the control of it for the last thirty years, but has failed, probably, in the early days, solely because it is a Government Department"?—Yes, my Department is a Department of the Government of India.

873. Do you think if you had not been a Government Department, but a commercial company, that you could have, in all probability, obtained this piece of route and improved it as a whole?—I think it is very likely. Of course, a commercial company might spend money in a way which the Government could not do.

874. You mentioned just now Regulation 27 of the Convention, which I understand really is the basis of the Joint Purse Arrangement, is it not?—No; what I quoted just now was from the International Convention.

875. Does not that lead up to the Joint Purse Arrangement?—No.

876. Will you give me the history of the Regulation which you have read; how did it come into the Convention?—The Convention is an International document. It was prepared by a treaty.

877. I know that. Whose interest was it to have a contract that no line was to undersell another one?—I think that it was in the interest of all telegraph administrations. Apparently it was to prevent the more powerful companies underselling or driving the smaller ones out of the field, and so to lead to monopolies.

878. You say apparently it is not in the interest of the more powerful ones; I do not quite follow that?—If they were allowed to compete, the powerful ones would, in the first instance, reduce their tariffs to such a low rate that the smaller companies would be ruined, and then the more powerful companies would raise their rates again.

879. Which do you refer to as the more powerful company?—In this case I should say the Eastern is a more powerful company than the Indo-European Line.

880. What was the inducement to the Indo-European to agree to that clause?—They were not consulted, being a company. This is done by the different telegraph administrations at the International Conferences.

881. If it is an International Convention it must be a Convention by Governments?—Yes, so it is.

882. What was the inducement; is the Indian Government a party to it?—Yes.

883. What was the inducement to the Indian Government to join that International Convention?—The Convention consists of three parts (1) "The Convention properly so called, the unchangeable portion or treaty under which the contracting Governments bound themselves to give concessions, and to afford special facilities for furthering international telegraphy." If the Government of India had not joined, it would have been left out in the cold.

884. (Mr. Hanbury.) As I understand it, any number of States joined this Convention, great and small alike, and the small State has as much right of voting as the large State?—Yes.

885. And so practically this country gets out-voted on all occasions of this kind?—It might be.

886. And has been very often?—Yes, we have been out-voted.

887. Did that happen in this instance? I start from the statement that at these Telegraph Conventions a great number of States are represented, some of which might have three or four miles of telegraph, but all States have the same standing there?—Yes. Mr. B. F. Ffrench, C.L.E.  
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888. The vote of Greece or Bulgaria will count just as much as the vote of Great Britain?—That is so, but India and some of the other British Possessions also have votes.

889. On this occasion was the Indian Government, or the British Government out-voted?—No; this clause which I read is a very old clause, it was one of the original clauses when the Convention was first entered into.

890. (Chairman.) I do not quite understand the reason that brought it about, but I will assume that it exists; will you tell me what disadvantage you think the Indian Government would experience if it withdrew from the Convention?—The Convention, as I mentioned, is one arranged by treaty, and the Regulations or bye-laws which, as regulating the unit or length of words and messages, and languages used, the sequence of telegrams, the alphabets and instruments, in short all those practical details which require revision, as science and experience exhibit defects, and offer improvements, require reconsideration from time to time. If the Government of India left the Convention she would not know the state of communication of other telegraphs in the world; she would not know their rates, and in fact I cannot conceive how international telegraphy could exist unless there was some union or some arrangement made whereby different administrations would know the state of communication, and the different tariffs that exist.

891. Anyone can know, can they not, the tariffs by asking when they wish to send a telegram?—Not unless the Convention Office circulates the tariffs.

892. If you want to send a telegram, you would know the cost, that is what you mean by tariffs?—Yes, but the tariffs may change, and unless you belong to the Union you will not be informed. There is an International Bureau, whose duty it is to keep the different administrations informed of all particulars connected with the telegraphy of the world.

893. (Lord Hardwicke.) Is it not the fact that supposing we left the Convention—take, for example, a telegram going over the European route to India, the number of letters or words that may be allowed for any single code word might be different in Germany and in Russia, and in Persia, until we get to India—is that so?—Yes, it is.

894. Therefore it would be practically impossible to be able (at least it seems to me to be very difficult), if you went to the London office to send a telegram, to know what your telegram would cost. Whereas they might allow you so many words in this country—it would be different in Germany and Russia?—Yes. If there were no International Convention that would be so.

895. That is one of the main difficulties, is it not?—It would be so.

896. (Mr. Hanbury.) I will take an extreme case. Suppose the Governments of this country and India to lay a cable direct from this country to India, should we be obliged as parties to this Convention, to keep up the rates to the existing level?—Yes.

897. Supposing the Joint Purse gone, and everything, and an entirely new cable were laid between London and India, and it touched only on British territory if you like, should we be obliged under the terms of the Convention to keep up the rates to the same level as other competing lines?—I think so.

898. Or the penalty would be that we should have to go out of the Convention?—Yes.

899. (Chairman.) I leave that point for a moment, and I ask you to describe to us under what circumstances was the Joint Purse Agreement originally formed?—It was in 1878. The Indo-European line was interrupted during the Russo-Turkish War in 1877, and the company went to the Government of India for assistance, because they feared bankruptcy; the Government gave them assistance, but immediately afterwards, without further reference to the Government of India, the Indo Company and the Eastern Company formed a Joint Purse between themselves. The Indo line having been restored, instead of the traffic returning to the Indo line, nearly the whole of it was sent by the Eastern line, and the two companies shared the receipts between

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them, leaving the Indian Government, which owned the line from Teneran to India, out in the cold. The Indian Government then endeavoured to obtain the Turkish line, and the companies fearing that it would obtain this line, and so compete with them, asked the Indo-European Department to join them in the Joint Purse, and this was agreed to by the Secretary of State.

900. In other words, the Government of India were coerced into it—they could not help themselves?—It was the Secretary of State. The Government of India rather objected to entering into the Joint Purse.

901. Do you think that the Government of India were right?—No, I do not. Speaking, of course, after the event, I think that the policy of joining the Joint Purse was a very good one. Supposing the Department had not done so the Government of India might and probably would have gone into opposition to the Eastern Telegraph Company. It might have refused to give them further landing rights in India or at Aden. The result would have been that the Eastern Company instead of being as it is now almost an international undertaking, would have been hampered.

902. Why?—Because they would be in opposition and they would not be able to lay those extra lines. Of course, the Eastern Telegraph might and probably would have landed their cables on some other part of the Red Sea and might have taken them to Ceylon instead of to India. I think probably they would have found a way out of the difficulty, but I cannot think that the Eastern Company would have become of the national importance that it is now if that opposition had occurred.

903. Are you in favour of the continuance of the Joint Purse arrangement at the present time?—Yes, I think so; more especially now, because the Eastern Company are laying a new cable to Australia, and most of the Australian work, I take it, will go by that new cable. That will relieve the cables to India of pressure, and if it was not for the Joint Purse the Eastern Company, being a very powerful organisation, would most certainly take away a lot of the traffic from the Indo route to their own route.

904. Are you speaking in the interest of the Indo route?—Yes.

905. You think that your object would not be attained if there was this competition?—Yes; but then again the two companies might enter into a Joint Purse arrangement between themselves if the Department left it.

906. Is that your only reason for the Joint Purse arrangement?—No. I think also as the Eastern Telegraph Company have agreed to a sliding scale of reduction dependent on the increase of traffic that that is a very fair arrangement.

907. I wish you would give me all the reasons which in your opinion support the continuance at the present time of the Joint Purse arrangement. I should like to have the whole of them from you?—I think those are the reasons.

908. Does not it really in effect amount to this, that this country has not and cannot get control of the telegraph rate to India?—I should have mentioned that the objection to the Joint Purse arrangement is the position of the Indo-European Company with regard to its concessionary Governments. The Indo-European Company cannot agree to a reduction of the rate without obtaining the consent of Germany and Russia.

909. Does not that strike you as a somewhat extraordinary state of matters?—It is. It has only now occurred. For the last 22 years the contingency has not arisen.

910. But the contingency having arisen, do you or do you not think that it is a very serious objection to the Joint Purse arrangement that it should be the case?—Yes, it is. But then, again, the International Convention comes in, and by that we could be prevented from reducing the rate.

911. I ask you whether you do not think it very natural that the commercial community of this country, taking into account that the amount of telegraphy and the volume of traffic between this country and India is so much greater than that between any other European country and India, should view with great regret such a state of matters as you have described?—Undoubtedly it is very much to be regretted.

912. Will you go so far as to say that it is so great a disadvantage that it outweighs any advantage of the

Joint Purse arrangement?—Yes, I think it does at present, but if the International Convention is modified probably this clause in the Joint Purse would also be modified, and the disadvantages on that ground would be done away with.

913. Would it be possible to terminate the Joint Purse arrangement?—It could only be terminated in one of three ways. Either by mutual consent or by a prolonged interruption of the route or by the lapse of the concession.

914. Which is the way—is it by the termination of the Joint Purse arrangement that it could be soonest done?—I am not sure whether the two companies would agree to terminate it by mutual consent, but by the lapse of the concession it could be terminated. The Russian and Persian concessions have been renewed to 1925. The German concession expires in 1904, and at the present time it is doubtful whether it will be renewed. The concession has to be renewed before the date on which it expires. If it is renewed after the concession expires then the Joint Purse comes to an end.

915. You cannot tell me, supposing it was to be the policy of this country owing to circumstances to terminate the Joint Purse Agreement how that could be most rapidly done?—I should say the easiest way and really the only way would be to go to the two companies—the Indo and Eastern, and say it is the desire of the Government that this Joint Purse should be terminated.

916. Do you think that they would agree?—I am not prepared to say.

917. Then it is your opinion, I understand, that the disadvantages of the Joint Purse arrangement are much greater than the advantages?—Yes, unless we can get over this difficulty about the consent of Germany and Russia being required. Although I like the Joint Purse still I consider that there are some clauses in the agreement that it would be to the advantage of the Department to have modified.

918. But you do not go back from your answer that the balance of disadvantages of the Joint Purse Agreement is greatly in excess of the advantages?—It is in excess of the advantages as at present worded.

919. Do you consider that the arrangement made by the Post Office as regards the Emden and Lowestoft and London cable is a concession within the meaning of the agreement?—No, it is not. At least that is the opinion of the legal adviser of the India Office. He says in his opinion it is not a concession.

920. That being so could the Post Office bring pressure to bear upon the Indo-European Company, by refusing to let them work the wires?—Yes, but I hardly think that they would do so, because the Post Office rent wires to other companies and they could hardly make an exception in the case of the Indo-European.

921. Would it be possible to hand to us a statement showing the actual amounts paid in and received by the Indo-European Telegraph Department since the beginning of the agreement?—Yes, I think it is in the memorandum which I put in.

922. That is found in Appendix C. in your paper?—Yes.

923. The Indo-European Company are bound, are they not, to obtain the consent of the German Government to any reduction of rates?—I am somewhat doubtful whether they are under their concession, but there may be some other letters which have passed between the company and the German Administration on the subject which bind them.

924. I suppose it is the fact, is it not, that the question of the rate to India has been a burning question during the last ten years; that many efforts have been made to reduce it?—I should say more from 1895.

925. During the last five years then, you agree?—Yes, certainly.

926. What attempts have been made during that period to reduce the rates to India?—There was the Conference which was held in 1890; the subject was brought up, but I do not think it was pressed at that Conference; but at the Conference held in 1896 a good deal of pressure was put on the companies to obtain their assent to a reduction of 6d., and they went to the Conference prepared to reduce to that extent, but at the Conference there were reductions made in other ways—that is in plain language messages, instead of

the word being limited to ten letters, words of 15 letters were admitted as a word, and ciphers—instead of three ciphers being counted as a word five were counted as a word.

927. The reduction, as I understand it, was given in other ways than by the reduction of the rate per word—more letters were counted as a word?—Only in plain language messages and cipher messages; but the companies said in consequence of these reductions and in consequence of the reductions in the rates to the Far East from India that they could not agree to further reductions to the West.

928. It has been intimated to us here that it is very unfair that the rate through India to Australia should be less per word than the rate to India. Do you think, except under the Joint Purse arrangement, they could justify that at all?—It is a very technical subject, and instead of detailing it now, I have written a short memorandum on the subject of the Australian Message Fund, and if I might be allowed to hand that in either as my evidence, or as an appendix, it would assist the Committee.

929. Is it in the memorandum you have handed in to-day?—Yes. I refer to the memorandum in the paper which I now hand in. It is as follows:—

#### Australasian Fund Agreement.

In 1889 and until May, 1891, the rate between Europe and Australia was 9s. 4d. per word, divided among the Administrations interested as follows:—

	s.	d.
Cis-India	2	11
India	0	7½
Java	0	1½
Australia	1	2
Eastern Extension	4	6

and also in 1889 the total receipts of the Eastern Extension Telegraph Company and the Cis-Indian Administrations from this traffic, after deducting out-payments to other administrations, amounted to £237,736, viz.:

Cis-Indian Joint Purse,	£
Eastern Telegraph Company	67,907
Indo-European Telegraph Company	10,082
Indo-European Telegraph Department	6,235
Eastern Extension Telegraph Company	153,512

or a percentage of the total of 28·57, 4·24, 2·62, and 64·57 respectively.

At the Paris Telegraph Conference in 1890 negotiations were opened between the Eastern Extension Company and the Australian Colonies for a reduction in the rate between Europe and Australasia, but it was recognised, for reasons which I will explain afterwards, that the reduction could not be effected unless assistance was given to the Eastern Extension Company by the parties to the Cis-Indian Joint Purse, who would depend on the probable increase of traffic to recoup them for the first loss incurred.

In 1891 agreements were drawn up and submitted to the Cis-Indian Joint Purse, and after some discussion they were approved of, and in accordance with them the rate between Europe and Australia was reduced from 1st May, 1891, from 9s. 4d. to 4s. a word under the following conditions:—

The total revenue from this traffic during 1889 was taken as the basis, and was fixed at £237,736. If, during any subsequent year the revenue should fall below that amount, the Australasian Colonies agreed to pay to the Eastern Extension Company half of such deficiency, which sum the Eastern Extension Company should consider receipts. The other half of any deficiency was to be borne by the Eastern Telegraph Company, the Indo-European Telegraph Company, the Indo-European Telegraph Department, and the Eastern Extension Company, provided that the Indo-European Telegraph Department's share of loss was not to exceed £1,775 per annum, and the Indo-European Company's loss £2,800 per annum.

In order to effect a reduction in the rate to Australia this agreement was absolutely necessary for the following reasons.

The Cis-Indian tariff per word between Europe and the Western Frontier of India was at that time 2s. 11d., the Indian transit rate 7½d., and the Eastern Extension Company's rate from Madras to Australia 4s. 6d. The Cis-Indian was a Conventional rate and could not be reduced for any particular class of traffic, that is, it could not be reduced for Australia and maintained at a higher rate for

China, and the companies could not afford to reduce the rate for messages to China, etc., because the guarantee given by the Australasian Colonies did not apply to outside places. The only means of reducing the through tariff was therefore for the Eastern Extension Company to reduce its share between Madras and Australia; but as such a reduction from 9s. 4d. to 4s. would have left that company without any revenue, the agreement was entered into under which all the Cis-Indian and trans-Indian receipts for Australasian traffic were paid into a common fund and drawn out at fixed proportions corresponding to those which existed before the reduction. At the same time, India reduced its transit rate for all traffic east of Madras from 7s. to 3s. 5d., because, owing to the fact that all traffic with the Far East must pass over the Indian land lines, the anticipated increase of traffic with Australia would more than compensate India for the decreased transit rate to all places.

In 1892-93 there was a deficit of £47,810, and the Australasian Colonies raised the rate to 4s. 9d. per word, at which rate it remained until 1st May, 1900.

I have shown in the accompanying appendix\* that the revenue of the Indo-European Department has risen from £6,235 in 1889 to £10,840 in 1899-1900. There has been an increase of at least 250 per cent. in the number of words, and the transit revenue of the Indian Telegraph Department between Karachi or Bombay and Madras, over which lines the Australian messages must pass, has consequently also increased, as for every word formerly carried at 7s. 5d., 3½ words at 3s. 5d. are now carried.

The parties to the Cis-Indian Purse arrangement certainly pay into the fund more than they draw out, and Sir E. Sassoon's argument that "India had bound herself to pay into the pool just double the amount which she draws out" is therefore correct in a sense; but to effect the reduction in the tariff it was necessary that the Eastern Extension Company should give up its tariff and depend upon that of Cis-India for a revenue. The increase of traffic consequent on this reduction has resulted in a large profit to the Indo-European and Indian Telegraph Departments in excess of that made in 1889 before the agreement.

The policy of the Secretary of State (Lord Kimberley) in Council shortly after the time the agreement was entered into was expressed in the following words in a despatch to the Government of India, dated 1st December, 1892 (Telegraph No. 31): "I cannot regard the position of your Government in this matter as that of a mere commercial link between the several interests concerned in telegraphic communication with the Farther East. The Government of India should, in my opinion, bear its part in facilitating communication between different parts of the Empire by maintaining, so far as it properly can, lower telegraph rates, especially where, as in the present case, no direct loss to Indian revenues is to be apprehended."

The original agreement with the Australian Colonies expired on the 30th April, 1900, and a fresh one was entered into with the following colonies from the 1st May—South Australia, Western Australia, and Tasmania, and from the 1st February, 1901, New South Wales has joined. This agreement provides for reductions in rates on a sliding scale, dependent on the standard revenue being worked up to, and the other advantages it offers to the Australian Colonies joining it are (I.) alternative cable communication and improved subterranean land lines from Fremantle to Perth and Glenelg to Adelaide; (II.) the right to use the coast cable for inter-colonial traffic if the land lines are interrupted; and (III.) lower rates for telegrams to the Cape of Good Hope when the new cable is laid. To give effect to this agreement, a sub-agreement has been drawn up between the Eastern Extension Telegraph Company, the Eastern Telegraph Company, the Indo-European Telegraph Company, and the Indo-European Telegraph Department, to which the two former gave their assent at the time and to which the Indo-European Telegraph Company has now obtained the assent of its concessionary Governments, but as the wording of one clause had not been definitely decided, the document has not as yet been finally submitted to the Secretary of State for India. It is important that the Indo-European Department should join, as otherwise, when the new cable from the Cape to Australia is laid, all the Australian traffic will be sent by it and the Department's revenue will be seriously reduced.

\* Not printed.

*Mr. B. T. Efnch, C.I.E.* 930. (*Mr. Hanbury.*) Just a question about that. So far as the line between this country and India goes, of course there is competition. Therefore under the International Convention, as I understand, there must be no cutting of rates, but beyond India and on to Australia there is no competition?—There is none.

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931. And therefore the company are more free, I take it, to lower their rates?—Yes, and that is what they have done. In fact, it is the Eastern Extension Telegraph Company from India to Australia that has done it.

932. The International Convention does not bind them, because there is no competition?—It does not, and to obtain this reduced rate to Australia the Eastern Extension take the messages for next to nothing, and they depend upon the Cis-Indian Joint Purse to give them a revenue.

933. (*Chairman.*) That means that those who are telegraphing from India to this country are really paying in part for those who are telegraphing to Australia?—The Indian rates are certainly higher than the Australian ones.

934. If it was not for the high rate to India the company could not afford to do the work to Australia. Is not that the effect of your answer?—Not altogether, because the traffic to Australia is very much increased owing to that reduced rate.

935. I understood your answer to be that if the Eastern Telegraph Company had to depend for its livelihood on the Australian traffic it could not make a living?—Its associated company, that is the Eastern Extension Company, could not make a living.

936. I am sorry I did not give the exact words in my question. The effect of that answer is this—that were it not for that high rate to India the telegraph company could not live on its rate to Australia?—It could not; but I am referring to the high rate as far as India on trans-Indian telegrams only.

937. That is the effect of it?—Yes.

938. Therefore the Indian trader who telegraphs to this country is paying a heavier rate in order to enable the Australian man to get his telegraphy at very little?—That is so indirectly. Every reduction and consequent expansion of the trans-Indian traffic has rendered the companies less willing and able to attend to the claims of India for a material reduction.

939. (*Mr. Hanbury.*) Do you know that the rates between India and Australia do not pay the Eastern Extension Company? Are you sure of that?—They pay by the Australian agreement.

940. But on their own merits do they pay?—No; they would not. In Appendix D.\* there is a statement showing the tariffs.

941. (*Chairman.*) What part of Appendix D. do you refer to?—"Rates in sterling." It is a statement showing the rates per word between Europe and Australia, before and after the Joint-Purse agreement was entered into.

942. Just illustrate it by the use of the table, please?—Taking it in sterling, before the agreement the Eastern Extension Company received 4s. 6d. per word. Since the agreement the company has received 1s. per word.

943. From what fund is the loss made up?—From the Cis-Indian Joint-Purse.

944. Do you put it to us that the difference between the 4s. 6d. and 1s. per word is now got from these companies at the cost of the Cis-Indian telegrapher?—Not the Cis-Indian telegrapher, but of the Cis-Indian Joint-Purse. The money received for Australian messages is pooled, and then divided in proportions similar to those in existence in 1889, when the Eastern Extension put in £153,000 and the Eastern Telegraph Company £67,000.

945. (*Mr. Hanbury.*) The charge is now 1s.?—This table only shows the rate to May, 1900. It has been reduced since then to 5d. a word.

946. (*Lord Hardwicke.*) There is a new agreement which has not yet been completed?—Quite so; 5d. is the present rate which the Eastern Extension gets for the transit between India and Australia.

947. That is so. Since the 1st May, 1900, they have been receiving 5d., but the agreement has not yet been confirmed, though it is going to be confirmed?—That is so.

948. From the 1st May, 1900, they would only receive 5d.?—Yes.

949. (*Mr. Hanbury.*) Is that a reduction of the Cis-Indian rate?—No; the Cis-Indian rate is a Conventional rate which cannot be reduced except with the consent of all interested administrations.

950. It follows, therefore, that since May, 1900, more than all the loss on the Eastern Extension system has been thrown upon the man who sends the Cis-Indian telegrams. Is not that clearly so?—It is thrown upon the company.

951. And they get it out of the man who sends telegrams from India?—Yes, but indirectly.

952. So that he is worse off since May, 1900, than he was before?—Except for the increased traffic—the reduced rate brings in more traffic.

953. (*Chairman.*) Do not look at it from the point of view of the company. I am looking at it from the point of view of the man who wants to telegraph from England to India. In that context Mr. Hanbury's question is right, that this last arrangement is making him worse off, for he is paying a larger proportion of the loss, which is going to help the man who is going to telegraph to Australia?—Yes.

954. Do you defend that as a practical business arrangement?—Unless the Cis-Indian Purse joined in this reduced rate the tariff to Australia could not have been reduced as much as it has been.

955. Is that an argument which will comfort the man who wants to telegraph only to India?—No; but I wish to explain. I do not mean that the Indian trader contributes directly towards the reduction in the rate to Australia, but that he suffers indirectly through the companies keeping up the present rate as far as India on trans-Indian messages to enable them to reduce the onward route beyond India. If the rate from Europe to India for trans-Indian messages was lowered, the present high rate to India for Indian messages could not be maintained; it would have to be reduced, and the Indian trader would benefit by the reduction. But it is not the fact that Cis-Indian rates other than those for messages to Australasia are paid into the Australasian Joint Purse.

956. Then I will not go further into that now, but I will ask you whether you have any criticism to make upon the proposal which has been put before us that there should be two rates for telegrams, either an urgent or an ordinary and a deferred?—Most of the Administrations have an urgent rate. An urgent rate is allowed by the International Convention.

957. By an urgent rate you mean, I suppose, a rate for which a man who wants his telegrams to take precedence of others pays a higher charge?—Yes. Under the Convention he pays three times the ordinary rate.

958. Do you approve of that as a piece of policy?—I see no objection to it. The British Post Office, if I may be allowed to say so, does not accept urgent messages, nor does India; but India allows urgent messages to transit from Australia to England. That is, they allow the signal for urgent to pass with the messages although they do not give them urgency.

959. Can you say under such an arrangement as that where the urgent message pays three times the ordinary what sort of proportion of messages are sent as urgent?—No, I only know there are very few.

960. Do you know of any instance in other countries where the other case is in force of a deferred telegram—that is, a telegram for a less charge than the ordinary rate is taken, and is sent as it may be possible to send it—as the wires are free?—The only countries that I know of where deferred messages are allowed are India and Egypt. In India the deferred message is a very popular telegram. In Egypt there are also a good number sent.

961. You do not know it from your own personal knowledge?—Not about Egypt, but about India from the records. But Mr. Reynolds, who is here, knows more about them than I do.

962. It has been suggested by Sir Edward Sassoon that India should be under the Telegraph Convention declared a European country. Have you any criticism to make on that proposal?—The Post Office were proposing to suggest at the next Conference that all these extra-European rates—that all the administrations—should come under the European.

\* Not printed.



963. The European rate, do you mean?—I am not quite sure.

964. I mean that is the whole difference?—No, it was not quite that. It is in Europe where the European administrations have a special rate for extra-European correspondence, and it is proposed that the extra rate for Europe should be done away with, and not that all countries should come under a European regime.

965. I want an answer to my question. As you know very well, there are some countries which have European rates and some extra-European rates?—Yes.

966. Sir Edward Sassoon's suggestion is that India should be declared European. First, I ask you is that possible; and, secondly, if it is possible, what is your opinion of it?—I do not see how it is possible for India to accept the European rate.

967. Why?—Because the European rate is fixed at a very low rate, a universally low rate. Now, India being at a distance from Europe, would require a higher rate than the normal European rate. There are certain countries, Russia and Turkey, who have declared to be European, but they are allowed specially high rates. If India declared herself to be European she would still require a special rate. I do not see the object of her declaring to be European.

968. The object, of course, is to get the cheaper rate; there is no doubt about that?—But she could only declare herself to be European if she was permitted to charge a higher rate than the same as Turkey and Russia.

969. (Mr. Hanbury.) Russia in Asia and Turkey in Asia are counted as European, I understand?—Yes, but I do not think it would make any difference in the rate. They are allowed special rates.

970. (Chairman.) Do you wish to say anything about the strategic features of our communication with India? Are you satisfied with it?—I do not know very much about it. I certainly think that efforts should be made to secure the Turkish route.

971. What do you mean by that, because it must always remain in Turkish territory?—Yes, but there are several routes to Constantinople, and if there was a good line between Constantinople and the head of the Persian Gulf I take it it is very unlikely that it would be interfered with in case of war. I cannot think that we should be at war with Turkey, and, therefore, that line would remain open to India.

972. At the same time, being a land line, anyone being maliciously inclined, would stop it at any moment?—But then it could be easily repaired.

973. Is it a fact that, apart from diplomatic requests for favourable consideration, the negotiations with Russia for a reduced rate to India have been left largely, if not even entirely, in the hands of the Indo-European Company?—Yes, it is so.

974. I am asking these questions on behalf of Lord Londonderry, who represents the Post Office in this Committee. Is it not possible, with the support of the Embassy of St. Petersburg, if direct representations were made by the India Office itself, a favourable result might be looked for?—I think we should be able to secure the Russian concurrence and the reduced rate. I say so because at the Telegraph Conference at Budapest the Russian delegates were all in favour of reducing the rates. Unfortunately, the Indo-European Company representative went alone to Russia, and I consider he wanted to benefit his company, and the terms which he offered or the terms which he tried to obtain from Russia were unsatisfactory to the administration.

975. The Indo-European Company has its wires through Germany, has it not?—Yes.

976. At whose cost were they constructed?—They were constructed by the German Government. The company rent two wires from the German Government.

977. At whose cost are they maintained?—By the German Government.

978. At whose cost are they worked?—At the cost of the Indo Company.

979. Is it the case that the Indo Company pay the German Government 5.34 per cent. of their share of the Joint Purse receipts?—Yes, 5.34.

980. With a minimum of £4,400 a year?—I do not know that. But under the German concession to the company the company were to pay them by rates.

The rate for 20 words was 2½ francs, and for 10 words 1½ francs.

981. Do you know the amount of the traffic which is actually sent through Germany at the present time?—I know the amount of traffic which goes to India through Germany, but not the whole of the traffic which goes through Germany to Russia and Persia.

982. Taking what you do know, the traffic that goes to India through Germany, do you know how much per word is paid for it at the present time?—5.34 per cent.

983. That is their percentage of their receipts from the Joint Purse. Do you know how much per word it is? Supposing the charge was per word, instead of 5.34 per cent., do you know how much per word it would come to?—That the company pay to the German Government, or that the company receive?

984. That the company receive?—The company receive a rate for Europe of 52½ centimes per word.

985. How much do they pay to the German Government?—You just read 5.34 per cent. of their revenue. But that is something new to me. I understood that the company paid the German Government by rates: for 20 words, the rate of 2½ francs; and for 10 words or less 1½ francs; and for every 5 words in excess of 20, 0.625 francs.

986. Do you know whether the payments which the German Government receive are less than the normal rate consigned to Germany by the International Convention?—I know they are that.

987. How much less are they?—According to what I understood, and according to the accounts which are received from the company, the company pay 17½ centimes per word for Indian traffic, against 20 which they are allowed by the Convention.

988. 2½ centimes less than is allowed by the Convention?—Yes, but from the figures which you have just read it is 5.34 per cent. of the revenue.

989. I read it to ask you, and I want your opinion about it?—According to the accounts they receive 17½ centimes per word.

990. Which is 2½ centimes less than they would be absolutely entitled to?—It is so.

991. Were you at the Conference at Budapest?—Yes.

992. Is it the case that an endeavour was made by the British and Indian delegates there to bring about a reduction of the rate to India?—Yes, a reduction of 6d.

993. Did the Indo-European express their readiness to agree to a reduction to 3s. per word?—No, I think not; 3s. 6d. they were prepared to reduce to.

994. Why was it not reduced to 3s. 6d.?—When the other reductions which I mentioned were made, or, rather, when the advantage of being able to send 15 letters as one word, and five cyphers as one word was given, and the reductions which were made east of India came about, the companies withdrew from their intention of reducing the rate to India.

995. Do you know why?—Because they said they could not afford to reduce the rates further.

996. (Mr. Hanbury.) I just wish to make this clear. At the time when the reduction to the rates to Australia took place, were there also the same facilities given to the traffic as the Indian traffic, namely, in the number of 15 letters?—Yes.

997. So the Australian traffic got it both ways?—Yes, they did.

998. (Chairman.) Could you carry your memory back to the time of 1877, during the Russo-Turkish War?—Yes, but I do not know very much about the state of communication between Europe and India at that time.

999. You do not know whether the Indo-European line was interrupted at that time or not?—Yes, it was.

1000. For how long?—I think about a couple of months.

1001. Not more?—No.

1002. My information is that it was interrupted for three months?—I am not sure.

1003. Would the cables of the Indo-European Department in the Persian Gulf, during such an interruption, get much traffic?—No.

1004. During that time the Department would lose revenue?—Yes. Of course if the Turkish line had been in good order we should have got traffic by that.

Mr. B. F.  
Finch, C.I.E.  
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*Mr. B. T.* 1005. There was no Joint Purse Agreement in those *March, C.I.E.* days?—No, it began immediately after that.

19 Mar. 1901. 1006. If there had been, I suppose they would not have lost revenue?—No.

1007. It would have been made up to them?—Yes.

1008. What was the date of the Joint Purse Agreement?—1878.

1009. Do you think that that consideration had anything to do with its being agreed to by the Department?—Oh, yes, it had.

1010. On the assumption that the Indo-European Company maintained their line through Germany and Russia, do you think that, if they determined to withdraw from the Joint Purse Agreement, the Indo and Eastern Companies might combine, to the injury of the revenue of India?—Yes.

1011. Did they do so before the admission of the Department to the Joint Purse arrangement?—Yes, it was so.

1012. What would be necessary when they determined to do so, in order to secure a paying traffic for your cables in the Persian Gulf?—It would be all-important to have the Turkish line.

1013. Would it be possible to take a land line to India by way of Afghanistan?—No, I do not think so at all.

1014. You think the country is too disturbed?—Yes.

1015. A suggestion has been made to us here, that a land line could be established through France, Italy, Greece, and Constantinople to Fao, rather than *vid* Germany and Russia. What is your opinion about that?—That is the line we have been speaking about; the line from Constantinople to Fao.

1016. You would be in favour of it?—Very much so.

1017. Some comments have also been made on the failure of the Government to obtain half rates for its telegrams to India. Can you tell the Committee in what position we should be if we had to deal with the question of communication with India in that way?—No, I have never heard it discussed, or mooted.

1018. I suppose it would be the case that half rates for our Government would necessitate half rates for the German, the Russian, and the Italian Governments, too?—Yes, by the Indo line. I do not see why it should by the Eastern Company.

1019. It would be by the Indo-European line?—Yes.

1020. It has been suggested to us that the rate to India should be reduced to 1s. Would you like to express any views on that proposal?—I do not know by which route. I do not know how it is possible.

1021. The suggestion is, that it would be possible—I am not making it my suggestion, but only that of others, that it would be possible to lay a cable for which 1s. or a rate very slightly above 1s., would be ample remuneration, assuming it to be worked 14 or 16 hours a day?—I do not think so at all.

1022. You do not think that is possible?—No, I do not.

1023. (*Mr. Hanbury.*) Why not? What are your grounds for saying so?—The cost of the cable, the capital expended, the maintenance of the cable.

1024. Have you worked it out in figures?—No, I have not.

1025. The existing cables are only used, almost solely for commercial purposes, and they are only used certain hours of the day; is not that so?—The cables of the Eastern Company?

1026. Yes?—I think they are fully occupied at the present time.

1027. All the 24 hours?—I should say yes, considering the amount of traffic which goes through to Australia by them, and there is one of the Eastern Company's cables between Aden and Bombay, which has been a good deal interrupted. I believe only two cables are actually working.

1028. Is that the case with the Indo-European line, too, that it is full of work?—No, it is not. We have 15 hours a day steady work. I may mention that latterly, for the last three or four months, the Eastern Company have been transferring to the Indo-European over 100 messages every day.

1029. What is the rate of the Indo-European Company across Siberia, for instance, to Vladivostok?—That is a company called the Great Northern Company.

1030. Are not they connected with the Indo-European?—No.

1031. Do you know what the rate is?—No, I have not got it here.

1032. (*Sir John Ardagh.*) The fact is that the Great Northern and the Eastern Extension play into each other's hands?—Yes, they have got a joint purse.

1033. (*Mr. Hanbury.*) I should like to know a little more about why this third line—this Turkish line, which is totally disconnected with the Indo-European or the Eastern Company—should not be used. Let us take it step by step. From London to Constantinople—there is no doubt it is a good line?—It is very good.

1034. And I suppose it partly belongs to the Governments of the country through which it runs, does it not?—Yes, there are two main routes; one by Italy, crossing from Otranto into Turkish territory, the other to Budapest.

1035. Now then, take from Constantinople to Fao; there is where your difficulties arise?—Yes, that is where the line is not properly maintained, or properly worked.

1036. And it has not sufficient wires?—There are two wires part of the way, and one wire from Bagdad to Fao only.

1037. What efforts have been made to get the Turkish Government to improve it?—The Indian Government have made offers to them.

1038. What offers?—They have given them instruments. We gave them some instruments for the Fao end, to work from Fao to Bagdad; there were 12 instruments, and soon after I left they were sent to Constantinople.

1039. They wanted them there?—Yes.

1040. What *bonâ-fide* efforts have been made to set up this third route?—The Government of India have offered to improve it, to give them material, and to give them instruments.

1041. I know, from my own experience, as I have ridden along every inch that it goes, that for local messages it is an uncommonly good line?—May I ask how far you have been?

1042. I joined it at Diarbekir and went down to Bagdad. I can say from experience of 15 years that the local messages are sent very quickly and very well?—The line in 1880-81 was interrupted for 147 days, and the next year, 180 days. In 1894-95 it was interrupted for 150 days, and since then up to 1899-1900 for 112, 85, 75, 54, and 48 days respectively.

1043. (*Sir John Ardagh.*) Is that the land line?—The land line from Constantinople to Fao. The Fao cable is never interrupted very long—I know that as a fact.

1044. (*Mr. Hanbury.*) If you got the Turkish lines improved, you would have a direct route, independent of either of the other companies?—Yes.

1045. Let us know clearly what has been done—what steps the Indian Government or the British Government have taken to set this Turkish line on its legs, to make it a useful alternative route?—As I mentioned, they have offered the Turkish Government supports and wires, and they have given them instruments. On one occasion the Turkish Government asked for either £10,000 or £12,000 a year from the Indian Government, and then they seemed prepared to reconstruct the line and to allow the Indian Government to work it.

1046. To work the line, on what terms—as their own line, do you mean?—I presume the Turkish Government would require part of the revenue.

1047. But it is important to know what has been done with the route?—I do not know. The Ottoman Government talk of improving it.

1048. (*Sir John Ardagh.*) Is it not the case that the Government of India, as representing the Indo-European line, opposed on every occasion all the attempts made by the Eastern Company to acquire control of the Constantinople-Fao land line?—Yes, at first.

1049. Is it not the case that the Eastern Company have frequently and constantly made attempts to obtain that control?—Yes, they have.

1050. (*Mr. Hanbury.*) I do not quite understand yet, as I ought, the effect of this International Convention upon competitive rates. Supposing the Joint Purse arrangement were to be dropped altogether and brought to an end, the International Convention would still exist, and how far would it be possible to reduce rates, supposing the two companies did not agree mutually to



reduce them? I do not quite understand the effect of that clause?—That clause requires to be read with another clause. Clause 83 says:—"In order to be adopted, the proposals must obtain: 1st. The unanimous consent of the administrations which pronounce on the subject, if they relate to modifications of the provisions of the Regulations. 2nd. The consent of the Administrations interested, if they relate to a modification of tariffs."

1051. So far, I understand that; but supposing that the Joint-Purse came to an end, would these clauses of the International Convention still stand in the way of a reduction of rates?—They would.

1052. Unless both companies agreed?—That is so.

1053. Then until we get those clauses altered we cannot reduce rates?—No, not unless there is mutual agreement.

1054. Yes, we will take it that there would not be mutual agreement, would there?—Yes, at former Conferences the administrations have always been prepared to reduce rates, but not the companies.

1055. I am talking of the companies?—I beg your pardon.

1056. Does the International Convention require the consent of the Companies or Administrations?—The Administrations.

1057. Does that mean the Administrations through which the lines pass?—Yes.

1058. Well, in the case of the Eastern Company, there are not many Administrations to be consulted?—No.

1059. It is the Indo-European which gives us the trouble?—Yes.

1060. How many Administrations would have to agree to reductions?—Germany, Russia, and Persia; and Turkey also has to agree because of the Turkish route.

1061. But the yellow line does not pass through a portion of Turkey?—Not the Indo-European line, but the Administration is interested.

1062. I do not quite understand why, as a matter of fact, the Turkish line is lower in its rates than the other two. I understood from you that it was so?—It is 10 per cent. lower.

1063. How does the reduction arise?—It was done at the request of the Turkish Administration. The Turkish Administration claim to have a cheaper rate, and at the Conference they were granted slightly reduced rates.

1063.\* Does any traffic at all between England and India pass over this Turkish line?—Yes.

1064. What does that statement say?—Taking the Indian messages only—Indian words—1897-98, 15,239; 1898-99, 16,678; 1899-1900, 20,002½.

1065. Is it much used for communication between England and Bagdad, or between Turkey and Bagdad?—I do not know.

1066. You do not know about the local messages?—I know the Bagdad office is a fairly large office, and they seem always busy there.

1067. It is a very small proportion of the whole of the traffic between this country and India?—Yes, 2½ per cent.

1068. (Sir John Ardagh.) Is it not the case that the reduction of 10 per cent. to the Turkish line was made with the view of giving it at least a very small share of the traffic?—That may have been one of the reasons. The Government of India for some time sent ordinary messages by the Turkish line, but they were received with so many errors and so much delay that they ceased sending them by that line.

1069. If some sound working Administration was established between Constantinople and Fao, is it not the case that the Turkish line could undersell both the Indo-European and the Eastern?—It being cheaper than the other two it would attract traffic.

1070. In what degree would the cheapness come in? Do you think it would pay at, for instance, 1s. per word from Constantinople to Fao?—Yes, that would give them a very fair return.

1071. A very fair return at 1s. per word?—Yes.

1072. Then with the European rates to Constantinople, and your Indian rates from Bombay to Fao, you

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could kill the other two companies?—Yes, if at the Conference they had allowed them to reduce.

1073. That is a serious obstacle?—Yes.

1074. But otherwise it is a possibility—that is the cheapest way of working a telegraph line to India?—Yes.

1075. Is it cheaper than any cable can be?—Yes, certainly it is.

1076. Now there is a proposal to make a land line instead of the Fao cable. Do you see any difficulty now that we are in possession of Baluchistan in making a line from Quetta to Kerman, and joining the Persian line?—No, that line was proposed by me in 1898, and we have had it surveyed, and I certainly think it would be a very good line indeed to make.

1077. Is it an established caravan route now?—Through Persia to Kerman is a well-recognised route. From there there is some little difficulty in getting across the desert to Baluchistan, and from there to Quetta a trade route has been established, and I understand there would be no insurmountable difficulty in making a line from there to Quetta.

1078. It would probably be a cheaper line than the cable by Jask to Bushire?—Yes, it would be a cheaper line, but I do not think that the Government of India would give up the Persian Gulf cables.

1079. I merely ask this question because you mentioned the difficulty of getting land line communication. It is a difficulty which has diminished in recent years, is it not?—Yes; I think that is an alternative line that certainly should be made if we could get permission to make it.

1080. There is a practical difficulty in the Ameer in making any line, is there not?—Yes.

1081. For instance, a line from Chaman to Kandahar and to Kushk?—Yes. I doubt very much whether it would work. I think the tribes would destroy it.

1082. It is a regular hard road, and well known, through Herat. It would depend upon the Ameer, and at present he will not permit that line to be made?—We have worked the Persian line from Teheran to Bushire for the last 30 years, and that is a well-travelled over route. But last year there were 500 cases of wilful damage to the line, such as shooting at the insulators, which did not usually cause interruptions of the wire; but still there were 500 and odd cases of wilful damage.

1083. Now there is another alternative land route—have you considered it—and that is across the Himalayas from Cashmere to Kashgar?—I know nothing about it.

1084. No estimate has been made of that line?—Not to India.

1085. Have you ever considered what the cost would be of laying a perfectly new cable and establishing a new cable company for connection with India?—From England?

1086. From England by the old route, by the Mediterranean, Gibraltar, Malta, Suez, and Aden?—No.

1087. Could you put in an approximate statement of what the cost of a new cable to India by that route would be?—I am afraid I have no information.

1088. (Lord Hardwick.) One question with reference to Sir John Ardagh's point. Have you considered the cost of a line from Aden to Bombay, because Sir Edward Sassoon told us it could be made at a cost of a million? There has been a suggestion that another cable should be connected with Aden from the Cape, and that would necessitate a new cable to Bombay. Have you considered what the cost would be?—No.

1089. I want to take you back to your report on rates and tariffs. You know that the Indian Government have done everything they possibly can to secure a reduction of the rate to India?—Yes, certainly.

1090. Is it no fault of the Indo-European Department or the Indian Government that the rate has not been reduced?—It is not.

1091. You say "With reference to the present proposed reduction in the tariff between England and India being opposed by the Russian and German Governments, I am not satisfied in my own mind that the Russian Administration has ever been properly approached on the subject." Will you explain what you mean by that?—At the Telegraph Conference at Budapest the Russian Administration was so ready to

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reduce the rates that I still think they would have been equally ready to have reduced them if the subject had been properly put before them. I think the Indo-European Company had its own ends to serve when its managing director went to Russia, and that he did not try as hard as perhaps he should have done if he had really wished to obtain the reduction.

1092. That is to say, that the Indo-European Company sent their representative to St. Petersburg on behalf of the Joint-Purse, in order to secure a reduction of the tariff?—I should not like to say that; not on behalf of the Joint-Purse.

1093. But that was the stumbling block. Therefore it was only the Indo-European Company's consent that was required in order to secure the reduction?—That was so.

1094. They went to St. Petersburg, and you say that you do not think that they did their best to secure a reduction of the rate?—Quite so.

1095. Did they receive an extension of their concession?—That was done before that time.

1096. They have secured an extension of their concession through Russia, have they not?—Yes.

1097. Until what date?—1925.

1098. Well now, "The Eastern Telegraph Company has written to the India Office, inquiring whether it is taking any renewed steps with the object of bringing the proposed tariff of 2s. 6d. per word between Europe and India into operation at an early date," and they expressed their willingness to do what they can. Have you any hopes that there are any measures that could be taken in the immediate future, without referring to Berne or having to wait until the Telegraph Conference takes place, of securing an agreement for the reduction of the rate to India between the members of the Joint-Purse?—From Russia?

1099. No, no; from England to India?—I think that if the representatives of the Eastern Telegraph Company and from the India Office went to St. Petersburg to the Russian Administration, we should find that they would agree to a reduction.

1100. Now we are left with the difficulty of Germany. Have you any idea how that could be got over? Have you any suggestion to make?—They should also go to Germany, and point out to the German Administration that they are not asked to reduce; in fact, that they would receive the same as they now get.

1101. Their transit?—Yes; from the Indo Company, and unless the German Administration still brought forward this difficulty of landing their cable at Waterville, I think that they would also agree to the Indo Company joining in the reduction. It really does not affect the German Administration, excepting through the Indo Company, because they are not asked to reduce.

1102. (Sir John Ardagh.) Is it not the case that the German section of the line is not an indispensable one? You might go further north, and come across to England by, we will say, the same route as the Great Northern, through Denmark?—Yes; that might be done.

1103. (Lord Hardwicke.) You made some suggestions which I think it would be interesting to hear a little more about. With regard to the payment of so much a letter instead of so much a word, do you think it would be more satisfactory, and a better system?—I think it would be fairer to the telegraph companies than the present arrangement, because under the present arrangement they have to send ten letters as a word, or they may send only three as a word, and they are paid the same whether it is ten letters or three letters; but in the other case, if a letter tariff came in, they would be paid for each letter; the letter is a true unit.

1104. Has that system been tried before?—No; it was suggested by the late Colonel Robinson, Director-General of Telegraphs in India, in 1875, at the Conference, but it was dropped. As a fact, the telegraph administrations now are called upon to send ten letters as a

word—a code word. The merchant receives this code word, and he at once looks up his code, and he finds that it means six figures. The telegraph have had to signal ten letters, whereas the merchant only uses six of them, or, rather, uses it as six figures. He groups those six figures together, and makes three groups of them, and these three groups tell him a whole sentence. It enables him to know what article is required, what rate is offered, and by what time it is to be shipped, that is, it is from 20 to 26 words the merchant uses for the one code word.

1105. I understand, in your opinion it would be a fairer system on the ordinary social telegram that the tariff should be so much per letter, and that it would bring the social telegram into line with the business telegram?—That is so.

1106. At the present time the commercial telegram has a very unfair advantage over the private telegram, and the rate to India presses harder upon the individual, the social gentleman, than it does upon the merchant, because his code is complete, and, as you say, the merchant can send 26 ordinary words by one code word?—Yes; I think you would be able by that means to reduce the rate.

1107. That would make a reduction in the long run, would it not?—Yes.

1108. (Mr. Hanbury.) It is very little used for social purposes now, is it not?—Very little indeed.

1109. What proportion do you suppose is it, 1 per cent.?—I think it is estimated to be about 2 per cent.

1110. And even amongst commercial men, by the larger merchants I suppose; can the small native merchants use it?—No. The larger merchant in India does not now keep large stocks in India. The native merchant comes to him for a supply, and the English merchant tells him that he will send a telegram for the things required, provided the native merchant pays for the telegram. I understand that that is a very common practice.

1111. (Lord Hardwicke.) I want to ask you with reference to the extra-European rate. If India were to adopt Sir Edward Sassoon's suggestion, and declare for the European rate, would it be possible for the land line *via* Germany and Russia to be on the European rate, the Joint-Purse being parties to the Convention, while the cables remained on the extra-European?—That is a proposal to be brought forward at the Conference which was to have been held this year, to make them uniform for Europe. The European and extra-European rates in Europe were to be made uniform.

1112. The European and the extra-European did you say?—There are two rates in Europe, the European rate and the rate for extra-European telegrams.

1113. Would it be possible to be on the European rate, say from India *via* Russia and Germany, and to be on the extra-European rate by the Eastern Company's cable? My point is this: If we wish to be on the European rate, we must be on the European rate for the cable too?—Yes, we should be.

1114. Do you think it would be possible to make the cable pay at the European rate?—Not unless they had special rates. They could not do it at the normal European rate; they would have to have special rates, in the same way as Russia and Turkey have special rates.

1115. That would be only the same in the long run; that would be reducing your rates, but if the same reduction were made, according to the proposal of the Indian Government, and we could get the German Government to assent, a reduction of rate to 2s. 6d. would not be called a European rate?—It would be the same.

1116. It comes to the same thing?—Exactly the same.

1117. Therefore, in your opinion, there is nothing in joining the European *régime*?—No.

1118. There is no advantage, you mean?—Unless you are allowed to have special rates.

1119. But that is the same as reducing the extra-European rate?—Exactly the same.

Mr. C. H. REYNOLDS, C.I.E., called; and Examined

Mr. C. H. Reynolds, C.I.E.

1120. (Chairman.) You were Director-General of Telegraphs in India, and have now retired?—Yes, about two years.

1121. And you have been good enough to prepare this memorandum which I hold in my hand for the use of the Committee?—Yes.

1122. Under the circumstances your memorandum, and any answers that you can give, are limited to telegraphic communication between this country and India?—Yes.

1123. The points I should like to take you over are in regard to what was described by Mr. Fench as the

third route—that is, the Turkish route—to India. And I see that in your memorandum you quote the statement that in 1873-74 the Turkish route had carried only 2·73 per cent. of the total Indian traffic?—Yes.

1124. And you go on in the passage which you quote to say that this line “Can never, under ordinary circumstances, compete on equal terms with the Teheran and Suez routes”?—Yes.

1125. Why is that?—Simply because English management is better than Turkish management.

1126. It is no defect in the route, then?—None whatever. It is solely in the efficiency of the employée and the enterprise and energy of the English.

1127. The suggestion, which apparently you quote with approval, is that it is really owing to the methods of those who work the service, and you say that, with a slightly slower service, at a reduced charge, you could have got over that route?—Yes.

1128. Do you suggest to us that that has been killed by the Joint Purse Arrangement?—No, I think that it was killed by the Turks themselves. As far as the reduction is concerned, that was allowed to the Turks at the Rome Conference. I think that the route has been killed by the neglect of the Turkish Administration. They have seemed to have thrown it up in despair and have not attempted to work the line properly.

1129. Do you think that it is hopeless to get an efficient service by that route?—No, I think that if it was made worth the while of the Turkish Government they would afford such a service. They were formerly very anxious indeed to do it. Anyone who reads the proceedings of Berne and the Rome Conference will see that they were very anxious to keep up the line, but they have since allowed it to fall into this unfortunate state.

1130. The management is so uncertain that it cannot be relied upon at all, I suppose?—It is a great lottery when you send a telegram when it will arrive and in what state.

1131. Do you think, if it were put in order and well maintained, that now it would be possible to attract traffic to keep it working?—Yes, if it is a little cheaper than the other routes; not if it is the same as the other routes, because any sender will prefer to choose the most reliable route, and he would give the preference to the Eastern Company or the Indo-European line.

1132. Is it possible to suppose a cheaper service by that route at the present time, having regard to the Convention and the Joint Purse Arrangement?—I think so.

1133. Do they not go in the way to prevent it?—Well, they made an exception in favour of Turkey at Rome. The Turkish delegate begged for a little more in favour of them, but they would not admit that. They, however, gave him something because he said: “This is the shortest route, and we were the first in the field, and we are entitled to some consideration.”

1134. Is not that absolutely a confirmation of the suggestion that I made to you, that unless the Convention agrees to a special rate, the Convention and the Joint-Purse arrangement being taken together, there cannot be an individual rate to India?—They have agreed to such a rate.

1135. To a special rate, but not a sufficiently low one to attract the traffic, having regard to the disadvantages of the Turkish route?—I think if an effort was made by powerful administrations a Conference might give a further reduction.

1136. But it is subject to the veto of those who have the control under the Convention and the Joint-Purse arrangement?—Quite so.

1137. And the moment an efficient service was got by this route would they not veto it?—I do not think so. I do not think the reduced rate was originally allowed to the Turkish route on account of its inferiority, and I consider that all past Conferences have been in favour of cheap telegraphy. It is quite a mistake to suppose that international telegraphy is opposed to the companies. In 1872 it was necessary for the companies to get a higher rate to India against the wishes of Turkey, but of late years the policy at Conferences has been always in favour of cheap telegraphy, and if the Turks were to be supported they might get a small reduction on what they have got now. They have got 10 per cent. lower now, and they might get a further reduction if they so wished.

1138. What is the objection, then, to the Joint-Purse arrangement?—It was to prevent any possibility of competition by the Turkish route.

1139. That is exactly the answer I expected. Is that a wise object?—I do not think so from the point of view of India. I speak from having gained my local colour in India on the subject.

1140. And the effect of the Joint-Purse arrangement has been to maintain the higher rate?—Yes, certainly.

1141. And it will be; as long as the Joint-Purse arrangement is maintained a high rate will be maintained too?—I think that the companies have no desire for a high rate if they can get the Government to guarantee them against a certain amount of loss. The only objection of the companies in the past to reduce their rates has been the impossibility of getting a guarantee from the Government of India or the Government of Great Britain.

1142. Has it been tried whether a cheaper rate will not produce such a volume of traffic as to compensate the company?—It has not been tried adequately, and the companies think it is too risky, but the feeling of the Indian community was that the companies were well enough off to give a reduction a fair trial.

1143. You do not consider, I see from your memorandum, that the reduction of the 6d. was a real trial?—No, it was the exchange difficulty that neutralised it.

1144. In other words, that the rate remained the same, and if the reduction of 6d. had not been given the payment in gold would have rendered necessary an actual raising of the rate?—Yes, it has been considerably raised in the past when the exchange was lower than now. They are paying higher now than they paid at the time of the Berlin Conference. The fall of exchange from about 1s. 6½d. to 1s. 4d. is more than enough to neutralise the Berlin reduction.

1145. Can you see any way of getting rid of the Joint-Purse arrangement?—I think the only two ways are either by giving the companies a *quid pro quo* in the shape of guarantees or by a breach of the compact through the failure of the Indo-European Telegraph Company to get the renewal of their concession.

1146. Why should there not be independent competition?—Certainly, if the money could be raised. On its own merits—I do not think that it could be raised in the City for a cable to the East. They would not be, I think, sufficient confidence to raise the money without Government assistance.

1147. You mean that the companies in possession are so powerful that they would reduce their rates to kill the new enterprise?—They would come down at once, and the new enterprise would not be very lucrative as a speculation.

1148. Could the existing companies come down without the consent of outside people?—They require their own consent as parties to the Joint-Purse. As regards the consent of Governments interested, my experience of Conferences is that at any International Conference the whole world would welcome a reduction, and there would be no opposition to it from either Germany or Russia.

1149. Why has it not been brought about?—At the Conference no reductions to India have been refused. When I was at the Berlin Conference in 1885 the German Administration was urgent and pressing in favour of reductions on the rates to the East and Australia. Sir John Champain also sought to reduce the rates both of cables to India and the cables to Australia, and the whole influence of the Conference was in favour of reduced rates. A Conference is the most favourable time for reductions to be made. I do not think that Governments care very much to disturb the tariffs when you come to them between Conferences—on such occasions other considerations come in—but when the whole telegraph world has met at these Conferences then the general feeling is to do something in favour of cheap telegraphy.

1150. It has not done so in the past?—The veto on reductions to India has always remained with the companies.

1151. You think that it ought not?—The veto has remained with them. If there had been no such veto resting with the companies I am quite convinced that there would have been a reduction. We got the reduction at Berlin of 6d., and it was welcomed by everybody. The Eastern Company did not like it at the time,

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but they agreed to it. If there had been no veto on the part of the companies in the Conference of 1890—

1152. What do you mean by veto on the part of the companies?—Because the Joint Purse Agreement had bound the Government of India, and the consequence was that there was no possibility of proposing reduced rates without the consent of the Eastern and Indo-European companies.

1153. Do you agree with the suggestion that the present rate to India and Great Britain is higher than the circumstances warrant?—Yes, I think it is—the present rate.

1154. You sympathise with the view of the commercial community that they are being unduly burdened?—It was considered rather anomalous that the companies should be earning large profits and at the same time refuse all relief in the rates they charged. I do not say the Eastern Company's dividend has not been a reasonable one, but they are in a very powerful position as judged by the price of their stock, and that is what the people of India think. They have looked at the price of the stock of the Indo-European and the Eastern Company, and they have thought that they were well enough off to have done something for India in the shape of at all events making an experiment.

1155. Do you agree with that opinion yourself?—I do. I think they might have made an experiment. It has been my view always. We urged them to do it at both the last two Conferences, but they thought it was too risky.

1156. You deal at the conclusion of your memorandum with the question of ordinary and deferred messages?—Yes.

1157. I know you heard the questions I put to Mr. Finch on that point. Would you express your views, first as to the question of having a system of messages deferred at a lower rate than the ordinary one, and, secondly, having a first-class set of messages which are to go as urgent messages and at a high rate? I should like to have your views on those points?—As regards deferred messages I think there is no object in a country where the telegraphic tariff is low and cheap in having such a class of messages, but between two countries which are at a considerable distance apart, and between which the ordinary rates are high, or in a very large country like India there is an opening for a class of message which is mid-way between a letter and a telegram, and which can be carried during the hours when the lines are absolutely free from other business. I think such a traffic would meet a want and might be worked between this country and India.

1158. You think that the present position of the cables between Great Britain and India would give a scope for deferred messages. Mr. Hanbury thought they were working to the maximum powers?—

1159. (Mr. Hanbury.) I thought Mr. Finch said so?—No, I think he said they were working 15 hours a day, and that would leave nine hours that they were free.

1160. But the Eastern were working 24 hours?—Some traffic probably drops in at all hours because they deal with such different longitudes as Australia, China, and the Straits, and all the hours of business are at different times.

1161. (Chairman.) People talk of the hours of business, but if a telegram arrives in the middle of the night it is not dealt with until the morning?—No, but the hours of business being different in different longitudes is in practice a very great convenience to the mercantile world. For instance, a man in Calcutta has done his business for the day, has ascertained the state of the markets there, and sent off his telegrams at four or five in the afternoon, which is 10 or 11 o'clock in the morning in London. If the telegraph line is working well he gets his telegram to London by one o'clock, and his correspondent in London is able to take advantage of the market in the afternoon and carry out the business on the same day, and wire to Calcutta the result of what he has done, which reaches the Calcutta merchant in time for the opening of business next day. In that way the traffic in Calcutta and in the other Indian cities comes in on the lines during the afternoon. Similarly in Australia, the afternoon is a busy time for the traffic, but it is some hours earlier than the afternoon in India.

1162. Have you any opinion as to the question of urgent messages?—Yes. I think that the urgent message has advantages, but I know there are objections

to it on account of its putting the rich man above the poor man. In the case of the Indian trade, it would give the very wealthy firms a still greater pull than they have now over the others, by enabling them by their bottomless purse to use the costly urgent messages freely when the others could not afford to do so. For instance, supposing the messages from Calcutta to London in any particular line of business have been sent off by the merchants at the ordinary charge, say, at 4 or 5 o'clock in the afternoon. If the rich man sends an "urgent" telegram he can on such a long route forestall those people who sent a message two hours before him. At the same time, one may recognise that the deferred traffic helps the poor man.

1163. If I understand, the balance of your own view is that you are against the preferential system called urgent messages, but that you would look with favour on a system of deferred messages for those who are unwilling for their particular purpose to spend the ordinary telegraph tariff, which would take a certain number of hours and days delay, for the sake of getting a message quicker than a letter, but cheaper than a telegram?—I am not prepared to condemn altogether the "urgent" message, because we have had it in India, and it has not given rise to complaint, but I see that objection to it. I think it is a more profitable one for the companies and telegraph people than a boon to the community generally, though there are occasions when it might be very advisable to have such a message.

1164. Would you under any circumstances contemplate a system of three classes, of "urgent," "ordinary," and "deferred" messages?—They rather complicate the work.

1165. Would you contemplate having three classes of telegrams?—Well, I should doubt whether it could be carried on—it would be too complicated.

1166. If you had only two, which would you prefer?—I would like to see "ordinary" and "deferred" between England and India.

1167. (Mr. Hanbury.) Unless the Turkish Government had reasons for not working this line are there any political reasons, or any reasons, for not doing so?—I know of no reasons. It seems curious, having seen their willingness to get the traffic as they did at the Rome Conference, that they should afterwards have thrown up the sponge.

1168. Have you yourself made any attempts to get the Turkish Government to work this line more efficiently?—No, the thing has been always worked through the India Office.

1169. When was the last attempt made?—You do not know perhaps?—I have read the notes on the subject, but I know nothing at first hand except that we knew in India that the matter was kept confidential as regards the Turkish Government route, and its improvement was always marked among the confidential papers. But we knew of that.

1170. About the question of rates—and taking the question first of "ordinary" and "deferred" would you treat all telegrams during certain hours of the day when business was going on as liable to the higher charge, and the telegrams sent during the slacker hours of the day as liable to the lower charge—would that be your general idea of the division?—No, our own practice in India, and I think that it is the best way, is to allow the sender to indicate whether he wishes the slow or the ordinary service.

1171. What does that mean in India?—It means that as long as there are any other telegrams of the higher rate, the "urgent" and "ordinary," at any instruments, the deferred telegrams are not dealt with at all, and the result on any busy line is that they are often held over for six or seven hours—sometimes less—and they are only dealt with when the other traffic admits.

1172. What is the difference in the rate?—It is one-half of the "ordinary" and one-quarter of the "urgent"—in India the "urgent" is double the ordinary.

1173. Do you find that their use depends much on the hours of the day, or are these "urgent" and "ordinary" telegrams sent throughout the 24 hours?—All through the day.

1174. Are there any particular hours in which the "urgent" messages are sent?—No. The "urgent" messages would probably be all during business hours; but the "deferred" messages are also brought by people at all hours. We do not turn them away, but take them until we can deal with them.

1175. Do you know what the percentage of the different kinds of messages between England and India at the present moment is? I think they were 98 per cent., and Mr. Finch said they were purely commercial messages?—It is about that. I think that was so some few years since—1897 or 1898.

1176. They are purely commercial. Of that 98 per cent., what proportion is sent by large, rich firms?—From India they are almost entirely from that source, I should think. Practically, the other traffic is very small—I have no facts.

1177. Do the native merchants, the small men, send messages to England?—Only a few in Bombay; but, as a general rule, they do not.

1178. Therefore, the existing tariff is all in favour of the rich merchant?—Yes.

1179. And the social messages are very few indeed?—Very few.

1180. How far would the rate have to go down in order to really get any large number of social messages? The white population in India is comparatively small?—It is small.

1181. You would not have many social messages sent between the natives of India and the people of England?—None.

1182. Therefore, social messages would depend upon the European population?—Yes.

1183. To what rate would you have to come down in order to encourage social messages?—I think a 2s. rate or a half-crown rate would produce a certain number of those messages that are not sent now.

1184. That is to say for very urgent matters?—Yes.

1185. It is quite impossible to carry out, with regard to telegrams, the idea of the penny post, is it not?—Quite.

1186. Or that you will ever be able to get the rate for any cables so low that practically everybody will get a telegram for communicating between themselves and their friends?—No, never.

1187. Therefore, with regard to social messages, all that you would be able to count upon would be really urgent matters?—Yes.

1188. And you think that would be met by a shilling rate?—Yes, I think that a shilling rate would produce a very considerable amount of such telegrams, not merely on urgent matters, because people in India are a little extravagant, and I think a great many messages would be sent at 1s. a word.

1189. (Sir John Ardagh.) Have you considered the question of the alternative land lines to India?—Yes.

1190. As against the cables?—Yes.

1191. That is to say, a land line through Baluchistan which we just now asked Mr. Finch about?—I think that it would be an excellent line.

1192. That, I understand, has already become a subject of actual investigation by the Government of India?—Yes.

1193. How far have you proposed the land line between Quetta and Kerman?—We have had a survey made right through.

1194. To Kerman?—Mr. Finch's Department did the portion in Persia and the Indian Department the portion in Baluchistan.

1195. To connect with the Persian telegraph?—Yes.

1196. Have you made any such project in the North of India?—No, not yet.

1197. There is no political objection, I presume, to a line going across from Cashmere to join on to the Russian telegraph, as there is in Afghanistan?—No, I think not, not so serious at all events; but I think our difficulty would be in the high altitudes. We have had a great deal of experience of the telegraphs in Cashmere, and we know what it is to keep up the line to Gilgit, and beyond that there would be also difficult country. The difficulty of such a line is in the high altitudes and avalanches. From the latter we have had a great deal of trouble in the past.

1198. But still there are passes between the British side, the Russian side, and the Chinese side, which are by no means always covered with snow?—Yes.

1199. Between Gilgit and Cashmere?—Our difficulty is when the snow is melting causing avalanches to come down.

1200. But the Russians maintain their lines by Bokhara and Samarcand in rather a worse climate, with such a great altitude?—Yes; I believe so. As far as difficulties go, any that we can meet with we shall be able, I think, to deal with as well as Russia. It is only in the time of the melting of snow and heavy snowstorms that it is difficult to keep up communication; but at other times of the year it is not so difficult.

1201. In short, a land line to India by that route, or the Baluchistan route, is very far from being an impossibility; it is quite a practicable question?—Quite a practicable question.

1202. And in all probability the cost of maintenance would be less than that of a submarine telegraph?—Mountain lines are very costly. We find Cashmere very costly, because the men are snowed up seven months in the year.

1203. Can you keep up Gilgit all through the winter and spring?—Yes, we can now, by improving the line and diverting it at the places where the avalanches fall. We have had some loss of life, but we have succeeded now in keeping it open practically all the year round.

1204. Have you considered the question of what the cost of competing submarine lines to India would be?—No, I have not worked out those figures at all.

1205. Can you offer at any subsequent period information to the Committee as to how that might be effected?—Such a line should, I think, follow the route adopted by the Eastern Company as the best.

1206. By the Mediterranean and the Red Sea the route would probably be the best?—Yes; and the cost of cable per knot is known.

1207. That is pretty generally known?—Yes; I could not say what the cost would be. But I do not think that a single cable is very much good. The Eastern Company found as long as they had only single cables they were in constant trouble. You want to duplicate the cables in order to make them quite efficient.

1208. Is it not the case that a single cable would be a very weak reed to rely upon in competition; and that what you would require would be two or three cables to make a reliable communication for purposes of competition?—You should have a double line—two cables—to obtain anything like equal competition with the Eastern, who are double and triplicate throughout.

1209. Have any of the negotiations with Turkey with regard to the Constantinople line gone on in your time?—Well, they have all been in my time, but we have not had cognisance of them; we knew that they were going on.

1210. Is there anything in the shape of an offer open now to the Turkish Government from the India Office or the Indo-European?—That I could not say. I think that information is confidential in the India Office. All references to the papers that I have come across in connection with the Turkish rate were marked "confidential"; and I have no doubt that the confidential papers in the India Office would show what has passed.

1211. It would be to the interest of India to pay a considerable subsidy to the Turkish Government for the purpose of rendering that land line from Constantinople to Fao really efficient?—I think it would.

1212. Have you ever estimated what that might come to in sterling?—No.

1213. Do you know if any substantive offer has ever been made?—I do not know what offer the Indian Government—the Secretary of State, has actually offered to the Turks. I know they have asked for money, but I am not sure what has been actually offered.

1214. You have not heard what the Eastern Company may have offered in the like case?—No, I have not heard anything of the Eastern Company having done so. I heard that they had prevented Sir John Champaign's efforts. It was common talk that they had prevented those things.

1215. Whenever the Government of India attempted to negotiate with Turkey the Eastern Company opposed, and whenever the Eastern Company made the attempt, then the Government of India opposed, so that Turkey has been standing between two stools?—Yes; I think that has been, perhaps, the case.

1216. It still remains desirable to attain that settlement, namely, the efficient maintenance of the land line between Fao and Constantinople?—Yes, I think so.

Mr. C. H.  
Reynolds,  
C.I.E.

19 Mar. 1901.



Mr. C. H.  
Reynolds,  
C.I.F.  
19 Mar. 1901.

1217. And it would be worth while to pay a considerable subsidy to secure its being done?—I think so. That was the opinion of the Government of India years ago, I know.

1218. Within the last two years the German companies have obtained concessions for an extension of the railways in Asia Minor as far as Bagdad, with a view, I presume, of continuing that railway as much further as they can. No doubt with the railway they will go on with telegraphy; when once that railway is constructed there will be an efficient line of telegraphy so far as it may go?—Yes, probably.

1219. That would make a considerable difference in the prospects of communication with India through Turkey?—When the German Government desire to work up the traffic, as I have no doubt they would, and send any Continental traffic that way which they could influence, I have no doubt it would develop into a very powerful route.

1220. Have you any influence over the actual line between Fao and Kashgar now?—I could not say; I have nothing to do with that.

1221. You have no officials further than the landing place at Fao?—As far as I know, our work stops at Fao, but Mr. Finch could tell you. I have not had to do with the actual working of the Gulf lines, and I could not say.

1222. (Lord Hardwicke.) It has been suggested with reference to the Constantinople-Fao line by Sir Edward Sassoon, who gave evidence before this Committee, that he looked to the possibility of Germany acquiring the line. How would you view that?—I think it would be better that Germany should acquire it than that it should remain as at present. One would rather see England acquire it, of course. Telegraphically speaking, it would be very good for the world that Germany should acquire it.

1223. For purely commercial purposes?—Simply to improve the service to India, in case of any political trouble which interfered with either of the other two routes.

1224. Now, supposing that we had not any control of the Turkish line or of the European line, do you consider that the existing cable communication we have got with India is likely to be sufficient in time of war?—No; I think it would be very easily cut.

1225. The three cables between Bombay and Aden?—If we were at war with a naval power, I think that it would be great luck for India to keep up her communications throughout. That is why one feels it desirable to have as many alternatives as possible.

1226. One must assume that probably the European Powers would be engaged, and we should not have any control over the Indo-European line. Therefore, if you do not think the existing cable communication sufficient, have you ever thought where a new cable could advantageously be laid?—I think that the cables to Australia and the Cape and the Pacific cable, so far as war emergencies are concerned, are most likely the best alternatives. We are in nothing like such a bad state as we were. When the direct cable from Australia to the Cape and the Pacific cable are laid, we shall be still better off than now, and we might perhaps risk the future, but I think that that Turkish line is always a most desirable addition to be made.

1227. That is for commercial purposes?—For commercial purposes, and also it might help—there is no knowing when a telegraph could not be of use.

1228. You have not thought of a new line from Ceylon to the African coast joining the cable which runs from the Cape to Mombasa?—I have thought of that. Do you mean as an alternative to the Bombay-Aden cables?

1229. Yes?—Well, I have thought a cable from Ceylon to the Cape would be an additional string. It costs a good deal of money, but it is not so important. I think, as the links that are being filled up by the Pacific cable and the direct cable from Australia to the Cape.

1230. You look upon those cables as more important than any additional connection with the African coast?—We have the three cables from Aden to Bombay, and from Aden there are cables all the way down the coast. A direct cable would be an additional safeguard; but the question is whether it is worth the money quite.

1231. (Sir John Ardagh.) With reference to Lord Hardwicke's last question, the connection with the direct Australian line which is now in hand from either

Madagascar or Seychelles to Ceylon is not a long one?—No; it would be a valuable political line.

1232. Or even from Cocos, and the cable connection with the Burmah coast?—If the line was required politically or for defence purposes, I think the best line would be from Ceylon down to Rodriguez, or the Seychelles, on the chance that the Bombay-Aden cables might be cut.

1233. Well, then there is another alternative line which would give us a certain amount of additional security—the cable from Aden to Seychelles?—I think such a cable might be equally well cut as the Bombay-Aden cables. If the Bombay to Aden cables were interfered with any of the cables on the Coast of Africa could probably be interfered with by the same Power.

1234. (Chairman.) You are familiar with the text of the Convention, I suppose?—Yes; pretty fairly.

1235. It can be denounced on giving a year's notice by any one of the parties to it, can it not?—I believe there is a clause to that effect.

1236. And you are also familiar with the text of the Joint Purse Agreement?—Yes, pretty well; I have read it a good many times.

1237. There is, I am informed, no reservation in that of keeping out of it at the will of any of the parties?—There is no reservation.

1238. It must be either, must it not, by mutual agreement, or in the event of certain things, such as the concessions not being renewed?—Yes.

1239. Supposing this country denounced the Convention, what is there to prevent our laying a cable which would be independent of the Joint Purse Agreement?—I might be permitted to say if we lay a cable I see no reason for denouncing the International Convention, because the delegates at a Conference are most reasonable people so far as rates are concerned.

1240. I think the Convention provides that those who are parties to it shall not lay cables which are for competitive purposes?—Yes, but at a Conference all these points are discussed.

1241. If you will just kindly answer my question, I will give you the opportunity of explaining afterwards. Assuming that to be one of the terms of the Convention that those who are parties to it are not to lay competitive cables, the only way by which this country can lay a competitive cable is to get rid of the Convention, is it not?—Yes.

1242. Supposing we denounce the Convention, and lay a competitive cable, what is the worst evil that could befall us?—I think that we should regret it very much owing to the disorganisation of traffic.

1243. You must make that a little more definite. I am feeling my way—I am quite ignorant of these matters. I do not mind telling you that the impression at this moment upon my mind is that we are tied up so completely by the joint effect of the Convention and the Joint Purse that we are absolutely helpless, and I want to get rid of it. Assuming that we got rid of it, what is the worst evil that can befall this country, firstly politically, and secondly commercially?—Well, I think that politically it would create a very bad impression on the whole civilised world if England was to withdraw from the International Telegraph Union, which I consider a very beneficent institution.

1244. Why so beneficent? As I understand, the joint effect of it is to prevent this country having the control of those telegraph rates between India and England. That is the chief result of it at the present time, it seems to me?—My own idea is that the Conferences are in favour of cheap rates. They do not want—

1245. They may be in favour of them as a pious opinion, but they do not bring them about?—Now, the States of Europe have been all in favour at past Conferences of cheap rates.

1246. What is it that prevents the cheaper rate from here to India?—The Joint Purse Agreement.

1247. Exactly. You cannot get rid of the Joint Purse without first getting rid of the Convention, can you?—Well, I think that the Convention has probably got more life in it than the Joint Purse. The Convention is more difficult to get rid of than the Joint Purse.

1248. Why? Is there not a provision of the Convention that any country may withdraw on giving a year's notice?—Yes, certainly.

1249. Why is it more difficult to get rid of the Convention?—If England were to withdraw from it she would regret it, I think, because she would stand aloof from the general movement of other civilised states, and cut herself off. There might be reprisals, and differences might arise, and the Conventional states might raise the rates against the country which does not agree or join with them.

1250. (*Lord Hardwicke*.) You said the Joint Purse stood in the way of reduction. You are aware that the parties to the Joint Purse are most anxious to see rates reduced?—Now they are. I was talking about the past. I said the Joint Purse in past Conferences were against a reduction, but now the objections of the parties to the Joint Purse have been overcome, and this other complication has come in.

1251. The action of Germany?—This complication might be amicably settled at a Conference, my own opinion is. As Mr. Finch has described, the Russian Government if approached—

1252. The Russian Government are not the difficulty. It is the German Government?—The German Government, if they opposed reductions at a Conference, would be acting against what they have done in the past, because they have been the greatest advocates for cheapening telegraphy, and their late minister was in fact the man who has done more for it than anybody in Europe.

1253. If, owing to the action of Germany, it is impossible to reduce the rate to India, you would still be of opinion that it would be a very dangerous thing to denounce the Convention?—I should try all other means first.

1254. Can you suggest any other means?—I think that a discussion at a Conference—

1255. I am presuming all that has been done?—I do not know what has happened. If after every effort had been made at a Conference to obtain reasonable action on the part of Germany—but I cannot think that Germany would stand in the way of any such action at a Conference.

1256. Can you explain how it is that America gets on very well without being a party to the Convention?—Her isolated position. All the cables between here and America have, I believe, found it necessary to adopt the rules of the Convention except this question of competition, and when they reserve any other points of difficulty—but they really have adhered to it. I think that it is the isolation of America which enables it to keep outside the Convention, but it would be more difficult for England, which has daily communication with every country on the Continent, if we had perhaps a different set of rules altogether.

1257. (*Sir John Ardagh*.) May not the Telegraph Convention be divided into two very distinct headings: First of all, the administrative and technical part, which regulates, we will say, the number of letters which are counted as a word, the number of cyphers which are counted as a word, the rate of transmission, and all the minor administrative details of telegraphy which are common and of equal interest to every country in the world, and to a large extent entirely independent of tariffs; and then in the second case, the tariffs and the suppression of competition?—Yes, those are the two great divisions.

1258. The first is of universal application, and more or less platonic—no one can object to it—it is in the interests of all; and the second is in the interest of a few?—There are a great many points in the first on which there is divided opinion—the number of words and letters.

1259. But still they are questions on which an accord can be arrived at, and in which all gain or lose equally?—Yes.

1260. But in the evidence of competition it is the whole world on one side and the companies who con-

tract themselves to resist competition on the other?—Yes, I must mention that all these companies were compelled to adhere to the Convention by India.

1261. Would it not be possible to recede from what one may call the contentious class, and accept the purely administrative class?—That is the position of many telegraph companies—the Eastern Extension Telegraph Company, for instance, and the Great Northern. On account of their competition with each other, both of them decline to join the Convention. They adhere to it generally. But the Eastern Company elected to join, and the Eastern Extension Company declined. Their licences at Madras were to follow the Regulations, but did not bind them to adhere fully. They have not treated that as binding them to all the conditions, such, for instance, as the submission of their tariffs to a Conference approval. The result has been that they have been as free as the Great Northern Company in China, and a reduction in the rates to Australia was rendered possible by manipulating the "Extension" rate without the necessity of reducing the Cis-Indian tariffs, which had been fixed by the Convention.

1262. Then if the English Government object to the Convention generally on the ground that there are certain clauses which are contrary to public interest, and which tend to enhance prices, it would not be at the same time necessary to withdraw from those clauses which merely regulate the details of the Regulations, would it?—You would practically be withdrawn altogether. You might, as a matter of fact, choose to adopt the working rules, but the International Union would not recognise you as a member.

1263. You would not suffer any disadvantages from doing it. You continue to observe their rules tacitly, without any explicit undertaking or agreement with them to do so, but you would still enjoy all the advantages which they give and which you give to them by observing their technical rules?—Yes.

1264. But that cannot be urged as a disadvantage of withdrawing from the Convention?—No. But the withdrawal of England would, I think, break up a Conference and might, not improbably, break up the International Telegraph Union. On the other hand, if one of the principal powers of the world—if England—was to withdraw from the Union, and yet express her willingness to adopt as many of the Regulations as are convenient, and reserve her rights on the other points, I cannot say for certain that it would.

1265. (*Lord Hardwicke*.) Supposing England did withdraw from the Convention, what would be the position of all the cable companies? Would not each company be able to fix its own rate quite independent of the English Government?—Yes.

1266. Might not the effect be to go from the frying pan into the fire?—Yes. I might give an illustration of the restraining influence of a Conference. Some years ago India thought that it did not get a sufficient share of the through rate to India—that the terminal rate of India was much too low. Colonel Robinson, the delegate for India, made great efforts to increase the Indian rate; he was outvoted, and he threatened to withdraw, but he thought better of it, when the whole Conference voted that the rate he proposed was not in their opinion justified. Similarly supposing as an illustration that the Eastern Company had been freed from any control by the Government of India in the matter of rates under the Joint Purse Agreement, and that the company was to propose at a Conference a rate to India that was considered unjustifiable; the company would certainly not be able to carry such a tariff through the Conference. Moreover, if India, following England, were to withdraw from the Convention, the company might not be bound by the International Regulations as they now are under their license for Bombay.

1267. Therefore the English or the Indian Government would lose their control?—They would lose a good deal of control by withdrawing.

Mr. B. T. FINCH, recalled.

1268. (*Lord Hardwicke*.) With reference to the Constantinople line, have you any knowledge of what the India Office have done with the view of getting that line into better order?—The India Office propose supplying the Turkish Government with posts, wires, and material to repair their line from Fao to Bagdad, and this was some four months ago. There have been

several reminders sent to the Turkish Administration, but up to the present we have not received any reply. These materials were to have been supplied on very favourable terms. They were to be paid for in a series of years—in fact, it is very doubtful if payment would ever have been taken.

Mr. S. H. Reynolds,  
C.I.E.

19 Mar. 1901.

Mr. B. T. Finch.

## SIXTH DAY.

Tuesday, 26th March, 1901.

PRESENT :

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*).

The EARL OF ONSLOW, G.C.M.G.

Maj.-Gen. Sir J. C. ARDAGH, K.C.I.E. C.P., R.E.

ROLAND WILKINS, Esq., *Secretary*.

J. H. LINDSAY, Esq., *Assistant Secretary*.

Mr. F. A. BEVAN, called ; and Examined.

Mr. F. A. Bevan. 1269. (*Chairman*.) You are, I understand, Chairman of the Anglo-American Telegraph Company?—Yes.

26 Mar. 1901. 1270. You are good enough to come here to give us such information as is in your power within the terms of our reference?—Yes.

1271. I understand that the first point you wish to speak to is as to the system of submarine cables across the Atlantic, and the land wires owned or worked or controlled on Colonial territory by your company?—Yes.

1272. And in connection with local Canadian companies, which together constitute direct telegraphic communication between the United Kingdom and Montreal?—Yes.

1273. Your system is, I think, shown in pale blue upon this map, is it not?—Yes.

1274. And your cables are four in number, and lie to the north of the other ones which cross the Atlantic?—They do.

1275. Now is there anything about the system which you would like to explain to the Committee?—With regard to what point?

1276. With regard to the physical position and connections of it in the first place?—I have here a detailed statement in writing, which fully relates the history of the cables.\* Shall I read it? (*Handing in the same.*)

1277. You have been good enough to prepare this paper which you hand in for the information of the Committee?—Yes.

1278. Is there any point in regard to the relations between the private cable companies and the Imperial and Colonial Governments, which you wish especially to emphasise?—I should say generally, that what we wish to emphasise is, that we, the Anglo-American Cable Company, have done a very great deal for the public benefit at a very small remuneration to our shareholders, and we submit that we are therefore fairly entitled to every facility that can be given us on the part of the Imperial Government. That, generally, is what I wish to say.

1279. Have you anything to say as regards the control exercised by the various Governments with which you have to deal?—There are certain points upon which we think we might be given perhaps a little more liberty than we have at present.

1280. Would you specify them?—But those are matters in which we have no choice—the Government have all the power.

1281. Would you make suggestions; will you tell me what you refer to?—You are aware that just now there is an arbitration going on between our company and the Post Office on what we consider a very important matter, which is the charge made for the land lines.

1282. In this country, or in Canada?—In this country; connecting our terminus at Valentia with London and the other principal cities.

1283. I am aware that that is so?—That is a matter now under arbitration.

1284. I mean as to the rate per mile that you should pay?—As to the rate per mile?

1285. Yes, for the exclusive use of certain land lines, and also whether they should be underground or overhead?—We have very little to do with either under-

ground or overhead, so long as the communication is not interrupted. What we specially feel is—

1286. I do not think that the cost of the land lines within the British Isles is a matter referred to us, and we had better not go into that. I shall just put this question: Speaking generally I suppose you will agree that the charge should be as nearly as possible the net cost of construction, maintenance, and repairs?—Quite so.

1287. Now, I think that the next head, the fourth head, of your paper does touch a point which is of some considerable importance, and that is with regard to the future policy in the case of new concessions. Now, I would like to hear your view about that?—It is on page 8, the point which we want—I do not know exactly what it is that I am wanted to answer, that is the difficulty. I do not quite apprehend what the question is.

1288. I take from your memorandum a heading: "Future policy in case of new concessions." I ask you what is your view as to the future policy of this country in the case of new concessions?—May I read a letter which I wrote on the 10th of December last year to the President of the Board of Trade?

1289. Surely you can give us the gist of it without reading the whole letter?—What I say is that it is but reasonable that notification of any landing licences proposed to be given to any other cable company which may vitally affect the shareholders of this cable company should be made to us, and an opportunity should be given to us of placing before His Majesty's Government our views on the subject of granting licences for landing such cables: "If in matters of comparatively little importance these precautions against injustice to individuals are deemed requisite, it would naturally follow that in much more serious cases involving, it may be, immense amounts of capital, full notice should be given to the parties interested, before Government authority is given for work which may be quite unnecessary from a public point of view, but which may bring ruin to the thousands of British subjects. The Directors respectfully but earnestly ask that this application may receive the early and favourable consideration of Her Majesty's Government, and in view of its great importance to the investors in telegraph securities, which amount to over twenty-seven millions sterling." That refers of course to a great many other cables.

1290. What do you mean by the suggestion that notification should be made?—The question of licences for landing submarine telegraph cables on the shores of the United Kingdom is now under the special consideration of the Government, and therefore what we ask is that licences may not be granted to other Governments or other cable companies without giving us—if they affect us in any way, or are likely to come into competition with us—without giving us the opportunity of expressing what we may have to say upon the subject.

1291. That is to say, from the point of view of your company's interests?—Entirely.

1292. Is your view of the proper policy of this country one which restricts landing rights so as to put obstacles in the way of new companies, or is it one which should encourage as many new companies to lay cables in this country as possible?—Well, naturally, we have to consider first our own interests.

1293. I do not complain of you; I only want your position made clear?—We cannot help doing that, and when we feel as we do now the competition of the German cables, the American cables, and the French cables, we naturally think if other cables are proposed,

\* See Appendix V.



it will take so much more of the traffic of which we have lost much already.

1294. You have no bargain of exclusive landing rights?—We have no exclusive landing rights whatever; it is entirely within the Government's power to grant licences.

1295. What conditions do you suggest that the Government should impose upon other cable enterprises?—I should suggest that first of all it might be asked that those other companies or Governments seeking these licences should give some proof that this extra communication is needed, and I think I may say that some sort of preference should be given to British cables or cables owned by British people, especially looking to the fact that they have invested many millions of money.

1296. Do not understand that I am indicating any views of own, but I am putting questions purely in order to elicit information. Now, how would you define a British-owned cable—I mean some of your shareholders are American citizens?—There may be a few, but very few. I should say that it is a cable in which the great majority of shareholders are British subjects, and which has no subsidy or assistance from any foreign government. As you are aware the German cables and the French cables are subsidised by their Governments.

1297. Which ones do you refer to particularly?—The German—Azores cable, the last cable laid, has a minimum guarantee of £70,000 a year.

1298. What does that mean translated into dividend upon its capital?—Well, I do not know how it would work out with all the expenses that they may incur. I do not know that we are in a position to say that—that would be a fluctuating matter.

1299. In return for that £70,000 a year, what does the cable company contract to do?

(*Mr. Charles Burt.*) It is a guarantee.

(*Witness.*) It is a guarantee of £70,000; it is not a subsidy.

1300. But in return for that guarantee, what does the Cable Company promise to the Government?—It has the almost exclusive right of collecting messages in Germany. Practically, we may say the exclusive right to the exclusion of other companies of collecting traffic in Germany.

1301. That is, of course, opposed to our system, the system of protection to that German cable?—Yes, and the French Government has guaranteed, or given a subsidy of £42,000 a year in the same way. If these cables are allowed in England on equal terms with ours, we are necessarily so far handicapped, at least by the amount of guarantee or subsidy which those foreign cables enjoy.

1302. In the meantime the Azores cable does not land in this country?—It does not land as yet. As you are probably aware—

1303. I say in the meantime it does not land in this country?—It does not, but it desires to do so.

1304. Do you, or do you not, carry your suggestion as far as this: that if another perfectly independent unsubsidised body of people wish to carry a cable from shore to shore they should not have it on the same terms as you do?—I do not see how we could resist that so far as unsubsidised companies are concerned, whose shareholders choose to put their money into it. I do not see how we can object.

1305. Do you intend to go further in this future policy in the case of new concessions than the commercial side of the question at all. Do you wish to touch upon the importance to the Government during a time of war in having as many alternative routes for getting news from one part of the Empire to another?—That is a totally different question.

1306. I know that; do you wish to go into that?—I do not think so.

1307. From an Imperial point of view the more

cables we have in view of a possible disturbance, the more likely we are not to have communication wholly interrupted?—I quite see that, but if I may say it, on the other hand if cables are granted on that basis it would be such a discouragement to British capital that in future we might be dependent entirely upon foreign cables, and I should suggest that that would not be a good policy. Supposing foreign cables were encouraged in that way to land in this country, ultimately the traffic of the British Company might be destroyed, and then the Government would be dependent entirely upon the foreign cables, and have no British cables at all.

1308. I take you upon the assumption that if the foreign cables were landed in this country they could, of course, be taken possession of in case of war?—Of course they could. But then the communication might be cut off. Is it not important to maintain the British cables in efficiency, so that in any case so far as possible you have the British cables to rely upon, because the foreign cables might at any time be cut off?

1309. But take the case of the Atlantic; if a foreign cable lands upon the British Islands—upon British territory, and it is taken possession of in time of war, it becomes a British cable, does it not, during the currency of the war?—I presume it might. That I am not competent to speak of.

1310. The next of your headings is "Existing rates and their reasonableness." What does that refer to?—That refers to the land lines which I think your Lordship remarked is not within your scope.

1311. Is that entirely land lines?—That entirely refers to the charge for land lines—entirely.

1312. Then "existing rates" does not mean existing tariff rates to the public?—It refers to that.

1313. I only got your memorandum a few moments ago—

(*Mr. Charles Burt.*) They are public rates.

(*Chairman.*) Well, as I look over this memorandum it distinctly does not refer only to land lines.

(*Witness.*) No, not under that heading; you mean No. 5. That does refer to the rates throughout.

1314. What is your test of the reasonableness of a rate to the public in connection with such a system as yours from the United Kingdom to Canada, or to the United States?—I should say the maximum rate which the public were willing to pay without feeling it irksome. Our rate when we started was an extremely high rate, but it was gradually brought down, and for a short time our rate was only 6d. per word, but it was found that that did not pay us, and we could not go on with that rate, and then we put it up to a shilling a word, and since then no complaint has been made of that shilling per word.

1315. Is the existing rate one shilling per word?—Yes.

1316. And that is universal for all Atlantic companies?—Yes.

1317. Is that by agreement?—Yes, by mutual agreement.

1318. Can any one of you reduce your rates without the consent of the other?—Certainly. That is to say we could without the consent of the Commercial people.

(*Mr. Charles Burt.*) No, no; by giving notice.

(*Witness.*) Yes, by giving notice.

1319. (*Chairman.*) I do not get the effect of your answer. Can the Anglo-American Company reduce its rate without consulting any of the other companies which cross the Atlantic?—You would have to give notice that you intended to do so.

1320. Will you tell me the conditions in which you are bound by the other companies in the way of rates?—Mr. Carson knows all about them, and perhaps he would answer.

(*Mr. Carson.*) I can give the answer.

*Mr. J. H. CARSON, Managing Director of the Anglo-American Telegraph Company, called; and Examined.*

1321. (*Chairman.*) I understand that Mr. Bevan would prefer you to answer the question I put to him just now?—There is a tariff agreement between all the North Atlantic Cable Companies fixing the rates with a month's notice to either side, and none of the parties to that agreement can lower its rates without giving this notice freeing itself from this monthly agreement.

4463.

22. Is a month's notice sufficient to free you?—That is the term of the agreement.

1323. Is a month's notice sufficient to free you?—Yes.

1324. Well, I should like to have a little more information as to the test of what is a proper rate. I under-

*Mr. F. A. Bevan.*  
26 Mar. 1901.

*Mr. J. H. Carson.*

Mr. J. H.  
Carson.  
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stood Mr. Bevan to say the maximum rate which the public would willingly pay; but I am afraid that is rather inconsistent; if it is a maximum rate it will not be willingly paid?—(Mr. Bevan.) It is very difficult to say what is a reasonable rate; a cable rate is a rate that the public are willing to pay.

1325. Would you disagree with me that it is a rate which you get out of the public without too much complaint?—Quite so. That is very much the same thing, turning it round the other way. (Mr. Charles Burt.) Sufficient to pay a reasonable dividend.

(Mr. Carson.) That is the point.

1326. That is the answer that I expected from Mr. Bevan. (To Mr. Bevan.) Do you not in considering the fixing of the rate, consider what rate would make the best profit for your shareholders?—That, of course, comes into consideration.

1327. If your general manager told the Board that you would get more for the shareholders out of a nine-penny rate you would reduce the rate to 9d., would you not?—Yes, certainly.

1328. And if you thought that you could get from the public a rate of 1s. 3d. you would raise it to 1s. 3d.?—Certainly I should.

1329. So that self-interest is the real test in fixing the tariff?—I think that is so; that is a very fair way of putting it. (Mr. Carson.) The circumstances, of course, being taken into consideration.

1330. (To Mr. Bevan.) Do you think that a shilling rate is the lowest which at the present time would enable you to do your business and pay a reasonable dividend?—Certainly, we are quite clear upon that.

1331. Would other considerations not guide you to that conclusion?—No, because as it is we are not able to pay much higher than 3 per cent. upon our ordinary stock, and we think that 3 per cent. is about the lowest that we can fairly expect our shareholders to take.

1332. What is the price of your ordinary stock at present?—It is about 50 per cent. discount. It fluctuates, and it has been as high as 61, and down to 50.

1333. Have you a limit of words which must be paid for?—We have no limit.

1334. Could I send a telegram of five words?—Certainly, any number of words. Many of the messages that we send are not more than three to five words.

1335. I mean there is no minimum number, such as 12 words in an inland telegram?—No. In 1872, I think it was, we introduced the principle that anyone might send the number of words he pleased, and no minimum was fixed.

1336. A question has been mooted before us more than once as to having two or three classes of telegrams, one class paying a higher rate, and getting preference over the other?—We are very much opposed to that. We have always maintained that that is not fair. We have always steadfastly withstood that.

1337. There are two different proposals; one is an urgent telegram at a higher tariff, and the other a deferred telegram at a lower tariff. Have you ever tried either of those two systems?—We have never tried either. We have always held to the principle that there ought to be no express rate for a telegram.

1338. You are against any classification of rates?—Except for the Press. We make a difference for the Press, but for the ordinary public we are against it.

1339. Do you think one of those proposals less or more objectionable than the other?—I do not think we have really considered which would be the more objectionable.

1340. What are your reasons against such a classification of telegrams as I have indicated?—It would lead to jealousy, and raise questions of difficulty. If all were on the same footing then they quite understand how it is.

1341. Are your cables fully occupied the whole 24 hours?—Oh, no, nothing like.

1342. Do you not think that, considering that it takes eight or nine days for a letter to be delivered across the Atlantic, there is a field for a class of persons who wish to communicate with the other side who do not care to pay the full telegraph tariff, but who would like to get a quicker reply than you can now get by letter?—That is possible. We have not discussed the matter

for a great many years. Our late managing director, Mr. Weaver, who was a great authority, had a very strong opinion upon the subject, and we have always held to that principle. We might perhaps be said to make one exception in the case of Stock Exchange messages during a certain portion of the day. We set apart a wire—a special wire for those messages.

1343. I am not indicating any opinion of my own, and I am quite prepared to admit that in the case of relatively short distances like this between the United Kingdom and America there is perhaps less to be said for it than in the case of long distances, such as from India or Australia. You perhaps would not care to be taken beyond your particular system?—I think not.

1344. And so far as your own system is concerned your policy for a great number of years has been uniformly to have only one rate of telegram?—Yes.

1345. And you have had no reason to depart from it?—Quite so.

1346. (Lord Onslow.) The only request that you make to the Government in the case of granting land rights, is that you should have proper notice of it?—That is so.

1347. When the German proposal was made to land the German cable at Porthcurno, had you not sufficient notice of the intention?—I cannot recollect the amount of notice that we had.

1348. At any rate you did lay your views before the Government?—On that occasion?

1349. Yes?—I am not sure that we did—I believe we did.

1350. Were you not yourself invited in the first instance by the German Government to lay a cable for them?—I think if you would not mind letting the general manager answer this question, I think he would answer it much more directly than I can.

1351. Is it not the case that in 1893 you were approached by the German Government and invited to lay a cable for the German Government?

(Mr. Carson.) Yes.

1352. (Lord Onslow.) And you refused to do it?—By the route suggested.

1353. What was that route?—By the Azores. We offered to place one of our existing cables, that is a direct cable from Ireland to Newfoundland, at their disposal, but they preferred, for reasons of their own and reasons of the contractors—it was a contractor's cable in the first instance—that their cable should go *via* the Azores. We, of course, have no business there.

1354. If you had gone from Ireland *via* the Azores you would have had control in English hands of all German messages?—If the cable had landed at Porthcurno.

1355. Whereas now it goes direct from Germany to the Azores, and you have no control?—We have no control from England.

1356. Therefore the result of that refusal has been to drive it out of English hands?—The whole matter was considered by us from a commercial standpoint.

1357. The next proposal was that the Government should give landing rights at Porthcurno to the German cable from the Azores, moving their offices from Valentia to Waterville, was it not?—Not at Porthcurno.

1358. I beg your pardon, in Ireland, moving their offices from Valentia to Waterville?—That was the next proposal.

1359. That you asked the Government to oppose?—Yes.

1360. Upon what grounds?—That English territory should not be made a telegraph post for the connection of two foreign administrations to the detriment of English telegraph companies.

1361. You prefer, then, that a cable should be laid without any English control, rather than be made in England and under English control to compete with an English company?—They are two different cables.

1362. No, the point I am asking is this: you prefer to see a Government cable from Germany to the Azores and the United States rather than it should pass through England, thereby competing with you, although it would be in English hands. Has not that been the result of your action?—But the transfer of the cable from Valentia to Waterville would provide an alternative route to save the German Government the expense of laying a second cable by the Azores.

1363. But all communications over that cable would pass through English hands, would they not?—If it is not joined to the American Company it would. At present it is suggested that it should be joined to the American Company.

1364. Where does the American Company run?—To Nova Scotia.

1365. To British territory?—Yes.

1366. With reference to the financial question I had better address myself to Mr. Bevan?—(Mr. Bevan.) Yes.

1367. You pay a dividend of 3 per cent. ; have you a large reserve?—We call it a renewal fund—for the purpose of renewing cables—between £800,000 and £900,000.

1368. Is that based upon the life of the cables?—No, I am sorry to say it is not. It has arisen from setting aside so much from the year's profits, which has gradually accumulated until it comes to that amount. We set aside always £24,000 a year towards that fund.

1369. Do you consider that your reserve fund compared to your capital is less or greater than other cable companies?—I should say much less than some of the companies. It is rather in relation to the risks that we run, having these four Atlantic cables. In relation to that I should say our renewal fund was certainly less than it ought to be by a great deal.

1370. As to your present landing rights—when do they expire?—They expire in 1910.

(Mr. Carson.) Our present licence from the Board of Trade expires in 1910, but our landing rights are in perpetuity.

(Mr. Bevan.) By Act of Parliament they are in perpetuity, but the licence from the Board of Trade expires in 1910.

1371. You will have to come to the Government in 1910?—(Mr. Carson.) For the right of laying cables, not for the landing.

1372. With reference to the question of rates, have you found in recent years that there has been a great development of codification—that is, using code words?—(Mr. Bevan.) Immense.

1373. Has that had a material effect upon the rates?—A very great effect, because so much can be said in two or three words ; in fact, a word might mean a whole page.

1374. Is there, in your opinion, a direct ratio between the amount of the rate and this development of the use of coding?—No doubt the higher the rate the more the ingenuity of the sender will be exercised. They are getting the system into such perfection that it is entirely independent of the rate.

1375. You do not think it can go further?—Quite so.

1376. You have had experience of the 6d. rate, have you not?—Yes, for a short time.

1377. Did that have an effect?—It had a certain effect, but nothing like to the extent that would be required to recuperate.

1378. It was not a remunerative one?—We could not have lived at it. We could not have gone on.

Mr. UNDERDOWN, K.C., called ; and Examined.

1390. You are Chairman of the Direct United States Cable Company?—I am.

1391. And I understand you propose to hand in this paper that you have given me as your statement on behalf of your company?—If you please. It is substantially the same, I think, as the other one handed in by Mr. Bevan, except that it gives particulars relating to my cable, which is only one as against four of the Anglo.\*

1392. I understand that your line is the one which is shown in brown on this map which I have in my hand?—That is so. Your lordship will see that that goes to Halifax, and then by an additional cable, which we call our short cable, it reaches the United States over the Atlantic.

1393. What is your view of the correct policy for the Imperial Government in regard to the granting of new concessions for cable lines across the Atlantic?—I think there is some analogy between—I will not say the pro-

1379. You do not think it was possible, but you have not given attention to the subject—you have not considered the question of sending messages at deferred rates?—We have not gone into them.

1380. (Chairman.) Is there any point which we have not included upon which you would like to speak?—No.

1381. Or Mr. Carson?

(Mr. Carson.) Yes, I think that the question of rates is part of the paper ; that is to say, part of the *précis*—the rates.

1382. (Lord Onslow.) Nobody complains of their rates?—We have a complaint against the Government.

1383. That is only with reference to landing rights?—But the rates are mentioned and in our memorandum here. The rates are a number of links between the two ends of the line, and the rental or charge made by the Post Office is one of those links. We have, as our memorandum stated, reduced our rate for a minimum message from £3 7s. 6d. to 5s., but the rates and rentals charged by the English Government have remained unaltered.

1384. Let me put this question : If the English Government rates were reduced, would you reduce the rates to the public?—The public has no right to further reduction, because we have gone ahead of the other parties to the rates. Others have not reduced their shares in proportion. The Government charges twice as much for the rental of its wires as it ought to do according to the cost of construction. We rent wires from the Post Office at £5 a mile, which is a part of the rate of a shilling. I say that is an excessive rental. Again, if we send a message from America to France or Germany *via* Post Office lines we have to pay 4½d. per word out of a shilling to the English and French Governments, or 5½d. per word to the English and German Governments for the carriage of the message from London to France or Germany—a few hundred miles of inexpensive telegraph wires—while we carry the message 4,000 or 5,000 miles principally of cable for the balance of the 1s. a word. We say that is very hard, and we cannot find any justification for it in the Acts of Parliament. The Acts say the Postmaster-General shall carry a message across the whole of England for ½d. a word, whereas messages from America transiting England are charged 1½d.

1385. (Chairman.) This is a subject for arbitration at the present time, is it not?—No, sir. It is part of the question before you. The question of the reasonableness of the rates.

1386. I do not think so ; that is not accurate?—I beg your pardon, but I think it is in this *précis*—one of the subjects sent to you.

1387. It is not in our terms of reference ; and that is just the unfortunate thing of having this volume of evidence handed to us at the last moment?—May I ask—Is there a question about the reasonableness of the rates?

1388. Certainly?—That question then is before the Committee, and we say that the rates of the Post Office for American traffic are not reasonable and should be reduced.

1389. We will take note of that?—Thank you.

tection—but at all events I do not know that one could use a better word—of the large amounts of capital that have been laid out by English companies, and unless the absolute necessity be shown for additional routes, and unless the existing cables are insufficient to carry the traffic, I should rather pray the analogy of a railway company when it wishes to acquire rights over public property to convey passengers and goods from one county to another, that you look at the interest of other railway companies which are affected by the laying of a new line. Of course that analogy must not be forced too far, but there is something in it, and we ourselves who come here (I am allied with the Anglo Company) naturally regret seeing our inheritance gradually diminishing over a series of years by the continual landing of cables held and worked by foreign countries.

1394. When you say that your inheritance is diminishing, is the traffic along the cables across the Atlantic not increasing?—The general bulk of the traffic, of course, has increased very much, but we, the established companies, have not obtained anything like the benefit that we hoped to obtain, nor have we obtained

Mr. J. H. Carson.  
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Mr. Underdown,  
K.C.  
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\* See Appendix VI

Mr.  
Underdown,  
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enough to pay anything like reasonable interest upon the capital invested, by reason of so large allices of this traffic being taken away from us, while we are compelled to renew and keep up our cables at very great expense. And the result is two-fold: in the first place we diminish the direct earnings; in the second place we diminish the capital value of any shares which may be offered to the public—assuming any capital is offered to the public—because the risk is so extraordinarily great. And in the third place the risk is so enormous in laying down these cables that you have to make provision against it by heaping up reserve funds, which in my case are not sufficient now after 27 years, to renew a cable to-morrow if it were broken. When an undertaking like the Commercial Company, which is an American company, puts itself into alliance with a Continental nation, and uses the English or the Irish shore as a telegraph post, as it has been rather well expressed, a great portion of the traffic, of which we, as it were, had command, goes away from us altogether. I agree with what the chairman of the Anglo Company has said, that I do not know that we can prevent other people from laying cables, provided they are not unduly assisted against us; but in the case of all foreign countries, you will find that they are largely subsidised, and they make use of their privilege of landing here to diminish not only the expense of laying the cables, but they make use of this country as a return route, because no single cable could be of any great value—it may break down at any moment—you always want an alternative route; and in the German case the German cable goes from Emden to the Azores and from the Azores to the United States. So far so good; they have got a cable. But that cable is practically useless without the return route, and what is done—

1395. What do you mean by a return route?—A substituted route—an alternative route is the better word—in case of interruption. Then that alternative route is provided by a combination between the American Commercial Cable Company and the German Company, and the German Government as well is interested, and the German Government has the wire from Emden to the coast of Ireland, or wherever it might be. You will therefore see that we are handicapped by providing this easier mode of duplicating the German cables.

1396. Is the Commercial Company in this combination to charge 1s. a word?—Yes; the combination in one sense is what is called the pool, which consists of the Western Union, which is an American corporation, the Anglo Company, and the Direct Company. But the arrangement that Mr. Carson spoke of is a traffic arrangement between all the companies whatever they may be for mutual convenience rather than of a legal kind. We have an agreement by which we are not to raise or lower the tariff as against each other—but that is an agreement.

1397. But that general agreement is binding on the Commercial Company as well as on the others?—As far as the 1s. is concerned, subject to a month's notice.

1398. I want you to explain to me, if you have got the uniform rate across the Atlantic the same as the Commercial Company, in what particular way does their communication with the German Government tell to your disadvantage?—Because the German Government gives a minimum guarantee of £70,000 a year which naturally it will endeavour to make up by sending its messages through its own cable in the first place, or in another way through the Commercial cable to the detriment of ours.

1399. Their payment of £70,000 is not so much a subsidy as a guarantee that they will never pay less than £70,000, but that they will work off that by telegraphing?—Exactly, if I used the word subsidy I meant a guarantee of minimum traffic. So long as other cables are not in a position to compete with ourselves I do not think that we can go further than the argument that the Government ought not to concede to other people, at any rate to foreigners, a large number of cables.

1400. Can you say that the Government has conceded to a foreigner anything which it does not give to you?—In this case it is quite reasonable—the English Government has, I believe, to act—

1401. Can you say that up to the present time the British Government has conceded to the foreigner anything which it has not conceded to you?—No, I can hardly say that; but the foreigner himself has had the advantage from his own Government for the purpose of working his traffic.

1402. What do you mean by his own Government?—The German Government.

1403. The German Government is not the "own" Government of the Commercial Company as I understand it?—No; but it is in alliance with the Commercial Company by a strict agreement, and the German Government has stated that it would not make terms except in agreement with the Commercial Company.

1404. But the German agreement with the Commercial Company was subsequent, was it not, to any privilege which the Commercial Company got from the British Government as to landing?—I can hardly say—I do not know.

1405. You do not know that?—I assume that that would be the object, to get the use of the Commercial cables across the Atlantic.

1406. But if the Commercial Company, being an American company in name, had landed on these shores and subsequently made its contract with the German Government, do you put the blame at the door of the British Government for that combination of circumstances?—I should, certainly, if it gave these advantages to a German Company which was already subsidised as against us.

1407. Has it done so—you do not follow my question? (Mr. Charles Burt.) We should have to do it now.

(Witness.) At this moment we are considering the terms under which that cable is to be transferred from Valentia to Waterville. We have been in communication with the Foreign Office for months at all events—I was going to say for years—on this matter.

1408. Is it your view that the British Government should refuse that transfer?—Except upon terms which I hope they are going to concede to us.

1409. I want to know what is the blame you lay at the door of the British Government? What I understand you to say is that the Government have been wrong—in what?—I think the wrong has to a certain extent been remedied by acceding to our terms for more favourable conditions for the transmission of the traffic across England, so as to put us on a level with the rapid transmission to which the Emden-Valentia cable, which is to be removed—

1410. I understood you to direct a charge against the British Government, that in the past they had given to a foreign company that which they do not give to you?—Then I must have badly expressed myself. Of course, I had in my mind this very thing that we have been fighting so long. I think one of the questions I was asked was as to the future dealing with companies of a similar kind, and in that case I should appeal to the British Government to take care that we should not be put in an unfavourable position with regard to other cable communications with the rest of the world.

1411. I understand you to go further, that no landing rights should be given except in consideration of your present position?—Yes; without taking into consideration our present position. If a company can fill its cables it can do no more; but if you have got 13 cables to share the traffic, and the traffic does not increase proportionately, your earnings must come down. In my own company the earnings have come down gradually, and I shall be probably unable to pay the same dividend that I did last year. It is a mathematical calculation; there is the same amount of traffic to carry, although it may increase, and if there are 13 cables to do what 10 can do, that must result in a loss to the cables. We have always been ready to keep the cables fully employed.

1412. I do not want to enter into an argument, but do not you think that was a risk before the eyes of the shareholders before they invested in the business?—Certainly it was never dreamt of by any of the shareholders, certainly not by myself, to make this country not a sender but a mere transmitting point without the intervention of this country, but with that of other countries possibly. No other country dreams of doing such a thing.

1413. What is the policy that you want the Government of this country to pursue? I want not only to get a criticism of the present policy, but what do you think of the future?—I think I may be excused for taking you back to a question which you put earlier in the day, in which you said, did we not think that it was greatly to the advantage of this country that the more cables there were the better, and that we ought to have as many cables as possible laid to all parts of the world,

so that in case of difficulty routes for cables might be open to the world. Well, I do not hold that view to its full extent. I am not at all sure that it is to the advantage of this country, and we certainly think that it would be—this is more politics than anything else—wiser for this country to keep all the ends of the cable in England in its own hands and not allow them—

1414. How is it possible to do that?—Simply to make them transmit their messages through the Post Office just as all other countries do.

1415. You mean you would allow no one to have transit across this country except the British Government?—Not to go beyond.

1416. I think you meant that no cable should be landed except a British cable in this country?—Oh, no. It is apparently a small point, but it is larger. This is the country from which the cables originally started. Why should not this remain so? Whatever cable lands in this country there should be some control by which it should always be in the hands of the Government of this country. Let us assume this to be carried a little further: supposing a Spanish Government established a point in England and communicated with another part of the world. This country gets nothing in respect of the collection or in respect of those messages transmitted.

1417. Would you or would you not agree with the suggestion that the best policy for this country to pursue would be to attract cables by subjects of other countries by the granting to them of landing rights in order to have possession of them in time of disturbance?—That is certainly a potential possession of them by seizing them when we want them. But I think it would be much better if we always retained the domination over those ends, than to leave it to the declaration of war to take hold of them.

1418. You agree with Mr. Bevan as to the rates to be fixed?—I think generally with regard to rates there are two or three classes of rates. Of course, there are commercial rates and the Stock Exchange rates which depend upon their transmission during certain hours of the day; and then there are the through rates, and then there is what Mr. Weaver called the chop and potato messages, which are really private messages to people in different parts of the world—they are extremely small.

1419. Surely the tariff for a word is the same for a commercial as well as a private word?—Certainly.

1420. Then it is not in the sense that I was using the question?—I thought you meant class of traffic rather than class of rates.

1421. Tariff?—I think it was.

1422. You agree with Mr. Bevan that it would not be desirable to have a class of urgent messages for those who wished to have very rapid transit?—I do agree for this reason, that in very important matters we might be tempted by very large payments to give precedence, and I take it that we stand very much in the position of the Post Office, we are bound to receive and transmit messages in their order.

1423. I should agree at once if some one offered a very large sum for precedence, but the point is do you regulate your tariffs, one for urgent messages and one for ordinary messages?—I think that would be very inconvenient.

M. CHARLES BURT, called; and Examined.

1435. (Chairman.) You are a Director of the Anglo-American Telegraph Company?—Yes. I was formerly solicitor to the company, and I am familiar with the licences granted to the company in former years. The point I want to refer to is as to the conditions on which new licences should be granted. Your Lordship asks upon that—I do not think that one point was sufficiently brought out if at all, namely, this, that the Government should not grant licences for landing new cables to companies that have special privileges at the other end. That I believe has been adopted in America, that licences for landing cables have been refused or are refused.

1436. How do you define special privilege?—If there is any exclusive or valuable privilege at the other end of the line. In this particular case of the German Government it is very hard upon English companies.

1437. Will you excuse me for saying that as a matter of fact originally we did not give the right to land to the

1424. You do it for the Stock Exchange now?—We do it in this way, that there is a separate cable, but that does not imply any difference of rate.

1425. But a preference which is a preference of quicker facilities is just the same to all intents and purposes as a preference of superseding a message on the same cable?—Hardly.

1426. Why not?—It is an arrangement of the traffic more than anything else, because a great deal of traffic would be interrupted and would, as it were, clash.

1427. It is a preference?—It is to a certain extent a preference. My cable does not do that, because I have only one cable, and I have everything in absolute order, so that there is no question of that kind.

1428. (Sir John Ardagh.) What is the effect of refusing to permit the German cable to be landed on British territory; is it not that you now are competing with an Azores cable under rather unfavourable circumstances?—Yes.

1429. Would you analyse the distribution of the receipts of a message, we will say, from Berlin to America *via* any of our cables, yours for instance—and *via* the Azores cables—I mean the distribution into terminal, transit, and cable portions?—I am afraid I should not be competent to give you that offhand. If you will kindly ask one of the traffic managers—for instance, Mr. Carson—to answer that question.

(Chairman.) Mr. Carson does not speak for this company.

(Witness.) I can give you the particulars in writing.

1430. (Sir John Ardagh.) I will tell you what I want to bring out which perhaps will make the matter more clear, namely, that in the German case there is no transit rate across England, and that the transit rate across England and across the British Channel in proportion to the total charge is very considerable—is not that so?—Yes, that is so.

1431. What you pay for the hire of your land wires, if you hire them, or what you pay to the Post Office from Valentia or Porthcurno through England and across by cable to Germany amounts to a very considerable proportion of the total is. ?—Certainly. May I say with regard to that question of urgent and deferred messages that is a matter which is a very complicated one, and I may be taken to speak too authoritatively upon that, and I think that it is a matter quite open to discussion and adoption by the companies generally as to whether urgent messages should have some sort of preference.

1432. (Chairman.) Then I should like to ask some questions on that, and I will take Mr. Finnis if you like, for I understand you want to go away?—Yes, I do. Shall I have another opportunity of being heard?

1433. Have you anything more to say?—That is all I have to say, because the substance is on the paper that I handed in.

(Chairman.) We are going to have that printed.

1434. I will take Mr. Finnis. (To Mr. Finnis.) Do I understand that you do not want to be examined on urgent and deferred rates at the present time, Mr. Finnis?

(Mr. Finnis.) I would prefer not.

German Government?—One of the lines now under consideration is the Emden-Valentia line, and the Government are proposing to transfer the Emden-Valentia line to Waterville, which would be in the hands of the Commercial Company.

1438. But let us be quite clear. As I understand it—I may be wrong—you are charging the Government with having done something wrong. When I point out to you and ask for an instance, you give an instance that the Government are going to do something. Well, the two things, if you will excuse me for saying so, are not consistent?—I do not say that the Government has done this. I was speaking to the conditions on which licences should be granted in the future which I understood your Lordship desired information upon.

1439. Yes, as well as the point I put to you just now?—One important point, I venture to say, is that licences should not be granted to the prejudice of English companies, to companies that have special or

Mr.  
Underdown,  
K.C.

26 Mar. 1901.

Mr. C. Burt.



*Mr. C. Burt.* exclusive privileges not conceded to English companies at the other end of the line. It is very unfair to English companies that they should be placed in so much worse a position with regard to, for instance, the collection of messages and other advantages of that kind. Take the case of a line from England to France.

26 Mar. 1901.

1440. You will follow this, will you not, that the issue which the Government has to decide is, Shall I or shall I not give those landing rights? They cannot take from the company that comes for the landing rights the privileges which they have got?—But, my Lord, the privileges do not exist so far as the new cable is concerned until it is landed in England.

1441. I was going on to put a question to you: Do you assent to the proposition which I put to you or not?—I do not assent to it on that ground. There is no advantage to the company having those privileges in France until it has got a corresponding cable at the English end.

1442. The point is this, is it not, that a company which you describe as a privileged company comes and asks for certain landing rights?—Yes.

1443. The issue which the Government has to decide is, Shall I or shall I not give this privilege?—Agreed.

1444. It cannot take away from the company the privileges which it has got elsewhere?—That is so.

1445. That being the issue purely as a matter of Government policy, do you, or do you not, think it right to attract as many companies as possible to land their cables in this country?—I think in granting the privilege of landing cables here regard should be had to English companies' rights in the other country, and I am sure the Government ought to consider whether or not there is a necessity for the lines, having regard to the existing cables.

1446. What is to be the test of the necessity?—I can hardly say. If the business is carried on with facility at a reasonable charge, and one has regard to the events of daily life, we shall form some opinion as to the necessity or not.

1447. But that means a protection in favour of the existing companies?—Possibly it does, and I submit to you that a company like the Anglo-American Company, which has spent 7 millions without guarantee or subsidy, and has carried on the business over thirty years, is entitled to consideration from the Government and from your Lordship.

1448. When you say entitled to consideration do you mean exclusive possession?—No, not a privileged position. I agree with Mr. Bevan that we cannot urge the Government to refuse a licence to land a cable which is on all-fours with an existing one. If the English and foreign company are placed on the same footing, then I say we cannot as a country having free trade refuse it.

1449. Have you any other point to state?—That is the only point.

1450. (*Sir John Ardagh.*) I do not know whether you will be prepared to answer the question which I propounded to Mr. Underdown: Can you analyse the receipts and the distribution of a message from America to Germany by one of our lines and by the new Azores cable?—Of course the manager could give it. I cannot—it is done in a moment. Mr. Carson will do it.

1451. Mr. Carson will perhaps furnish the reply to the Committee.

(*Mr. Carson.*) The total charge between America and Germany is 1s. a word, the same as to Great Britain, say, from Berlin to New York. The land line between New York and the coast will take a portion of that 1s.—that is 2 1-5 American cents, which is roughly 1d.

1452. Would you put that down on paper as you go on? That is the American terminal charge?—Yes, on the other side. Coming to this side we have, if it is handed to the Post Office, to pay 52½ centimes per word.

1453. Handed to the Post Office?—In England.

1454. Is that the landing place, or is it in London?—In London.

1455. It has to arrive at London?—Yes. Omitting the cable section we pay the post office £5 per mile per wire between the landing place in Ireland and London.

1456. Can you assess that on a 1s. a word?—To a 1s. a word message?

1457. On 1s. a word message?—We could assess that by dividing it up into the rental per annum.

1458. Can you make an approximate guess?—I take it about the same as the internal rate—one half-penny a word. If we hand the message to the Post Office for transmission to Germany, we hand over to the Post Office with it 52½ centimes—that is 5½d. per word to be divided between the English and the German Governments, and the balance of the shilling accrues to the cable companies, who have all the risks of the Atlantic to run.

1459. How much does the balance come to?—That leaves about 5½d. per word.

1460. Can you give the same analysis of the German message which goes to the Azores from Emden?—Yes, the German Government rents; it does not pay a subsidy or a guarantee; it rents the Emden-Azores cable for £70,000 a year, and as it collects all the messages in Germany—it is the collecting party, not the company, because the company has no office in Germany at all—the Government collects the messages. It pays to the company £70,000 a year out of the total receipts.

1461. What I desire to bring out is a comparative analysis of the 1s. charge from Berlin to New York?—Exactly so. The German Government does not charge anything to the Azores Company until the receipts exceed £70,000 a year. Supposing the receipts of the traffic for the cable amounted to £60,000 a year, the Government would pay £70,000. It does not itself retain any portion of the 1s.; it gives the whole 1s. up to £70,000 a year. We have to pay 5½d., divisible between the English and German Governments out of our shilling, but the German Company has this 1s. intact up to £70,000.

1462. I do not think that it is quite intact; it has got a terminal charge and transit charge?—Where?

1463. From Emden to Berlin?—No.

1464. Is not that paid into the German land lines?—The Government pays the £70,000 intact out of the first receipts of the company. See the German-Azores Concession of 1894.

1465. Am I to understand that the Emden-Azores line is provided by the Government with separate wires to Berlin?—Yes, at Emden; Emden is the centre for the extra-European traffic, and there are special wires from all the principal towns in Germany into Emden, where the Emden-Azores cable lands.

1466. But that is just as much a terminal charge as the charge which the Post Office make to you for running your message over your special message wires between Porthcurno or Valentia?—But they do not charge the German Company anything.

1467. But it must cost money. It has to go into the account. If you have to analyse the receipts and distribute them, you must give a part to the land line?—If the total traffic exceeds £70,000 a year up to £85,000 a year, for instance, then that £15,000 belongs to the German Government for its internal charges. Supposing that the receipts do not amount to £70,000, or only to £70,000, then the German Company is free of those internal charges.

1468. That is not an analysis. What I wish to arrive at is what it costs the German Government, or the company, to transmit a message from Emden to Berlin. I only ask for an approximate sum, which you gave in the case of other messages at something like a half-penny. I think it is by the Telegraph Convention something less than a half-penny. You cannot answer the question perhaps?—Well, the charge by the Telegraph Convention accruing to the German Company upon all extra-European traffic is 20 centimes a word.

1469. Then you may put it down on this particular message?—Not to the Azores Company, no; the Government bears it—it does not pay it to the company.

1470. Dear me, it has to be paid. It is paid for just the same whether the land line is ostensibly lumped in with the cable or not. I am endeavouring to get their cable part and your cable part, and their land part and your land part of the cost?—What I say is this: whereas we pay it, the German company does not pay it. That is the position, the German Government foregoes it.

1471. Let me put it that it is perfectly impossible to maintain a telegraph wire between Emden and Berlin for nothing. It must cost something. All that I ask you to do is to assess some sum which you put down as for that part of the message. It manifestly does cost something?—This particular rate is foregone by the

German Government in favour of its own native company.

1472. I said that it is manifestly impossible to maintain a telegraph line between Emden and Berlin for nothing. What do you consider that that part of the charge should be? It is not a question of account—it is a question of fact?—That is the point. That is what we are saying. We say that the German Government has rented this cable from the German company, and pays

for it the first fruits of the revenue up to the amount of £70,000 without charging anything for those internal rates. After the £70,000 then the Government takes the next £15,000 for its share of the profits. *Mr. C. Burt.* 26 Mar. 1901.

1473. I am afraid it is no use going any further?—But there is the other point. For instance, there is the question of rates, the question of urgency.

(*Chairman.*) I think we will not go into that any further just now.

MR. ARTHUR SALISBURY BAXENDALE, called; and Examined.

1474. (*Chairman.*) I understand that you are the head of the Postal and Telegraph Department of the Federated Malay State, Selangor?—Yes.

1475. And the Straits Settlements and Federated Malay States are now connected with Europe by the cables of the Eastern and Eastern Extension Companies, and by them alone?—Yes.

1476. And the rate to Europe from the Straits Settlements is 4s. 6d. per word?—Yes.

1477. The first point I understand that is pressed is that it is important from an Imperial point of view to have an alternative route?—Yes.

1478. Sir Charles Warren has lent the sanction of his name to the proposal, has he not?—Yes.

1479. How would that best be got?—By a line over the mainland of the Peninsula connecting Burmah with the Straits Settlements.

1480. That would be across the Malay States to Burmah?—Yes.

1481. Do you know what the cost would be?—I do not know the cost of the felling, because I have not been over the line, but I know, supposing there was no jungle-felling to be done, the cost would be practically £16,000, but how much felling there would be I cannot say.

1482. (*Sir John Ardagh.*) Might I ask to what point?—I take that from Kra in Burmah, down to Province Wellesley. The Burmah Territory goes down as far as the tenth degree of latitude. Kra is about nine, so that if Burmah carried on as far as the boundary it would be 60 miles.

1483. May I ask this: I believe that the construction of land lines in the Malay Peninsula is attended with particular difficulty on account of the existence of a large quantity of forests and the rapidity of growth?—Yes.

1484. And that it is the opinion of some people who have studied the subject that the expense of maintaining a land line in consequence of the heavy rains and the rapid growth of jungle is so great that for practical purposes a submarine cable would be preferable, between, we will say Rangoon or the extreme south of Burmah to the Province Wellesley?—Well, of course, there is a greater difference in the cost of construction than in the cost of up-keep. Unless you had the cable companies' ships, there would be great difficulty in keeping the line repaired if you had a cable; whereas if you had a land line such as I suggest, which would be following the sea-coast, you would have very little jungle growth, and a launch would provide your transport for carrying about your poles and your wire, and you could easily maintain the line generally.

1485. You do not take into account that the territory over which this line would have to pass is not British?—It is within the British sphere of influence.

1486. The sphere of influence, but it is not within any administrative influence?—No, it is not at present.

1487. That would be a very serious objection in the event, for instance, of another country obtaining predominance in Siamese territory?—I think that is out of the question; I think that is improbable. As it stands at present the French have ceded that under the Mekang treaty.

1488. (*Chairman.*) Has your estimate of between £15,000 and £25,000 been at all considered in detail?—Yes, very closely.

1489. You put it forward as within your experience that it is not likely to be exceeded?—No. It is higher than any line that has been made in the Malay Peninsula. I have allowed more for contingencies than has been allowed before in the Malay Peninsula.

1490. It is 450 miles in length?—Well, it will not be really. It will not be more than 400 miles, I think. I have had to guess it, and I have allowed for 450 miles in my estimate.

1491. What are the advantages that you anticipate, supposing the work to be carried out, and subject to the possible objections which Sir John Ardagh has put to you?—We should be able to reduce the rate chiefly.

1492. Reduced rates from where to where?—From the Malay Peninsula to India, and from the Straits Settlements to India, that would be the greatest reduction. You would be able to reduce it from 60 cents, as at present to 10 cents, and to reduce the rates by 4d. at present to England, and supposing that the Indian rate is reduced 1s. 6d., you would then reduce it to 1s. 10d. from the Straits Settlements.

1493. Would it be also an alternative route in other ways, or a link in an alternative route?—It would connect India by another route with the Pacific cable to Australia. India would then not suffer in case of the Madras—Penang cable being interrupted.

1494. I do not quite follow that. Will you explain it?—In case of the Indian routes being interrupted with England.

1495. (*Lord Onslow.*) But you said it would connect with the Pacific cable route. I want to follow that out?—Yes, with Australia. It would give an alternative route in case of interruption of the existing lines between India and England. There would then be an alternative route to Australia, which would exist as long as the Madras—Penang cables are working at present, but it would not otherwise exist unless you had this connection between Singapore and India.

1496. You are pre-supposing the interruption of the Madras—Penang cables?—Yes, and also interruption between India and England on the other side.

1497. (*Sir John Ardagh.*) You include not only the ordinary communication between India, but the alternative routes between the Chinese and Russian systems?—I do not quite understand.

1498. As an alternative route to Singapore and Australia, the completion from Singapore of the land route connecting with the Indian line and the Burmese lines would mean that you would have not only the ordinary means of communication to India whether by land or cable, but also the alternative of the Chinese routes through Burmah, Sumatra, and so on?—Yes.

1499. And the Russian lines across the continent?—Yes.

1500. That is the third string to your bow?—Yes.

1501. (*Chairman.*) I understand you to suggest that the construction of those lines might be carried out by the Straits Settlements and the Federated Malay States on account of the possibility of making a profit out of it?—Yes.

1502. What makes you suggest that?—Well, they would be able to get a large portion of the work that is now done. There is a great deal of work between the Straits Settlements and India, and so long as the cable companies do not reduce their rates there would be a great deal of work with Europe.

1503. You think that your line being a land line would compete on favourable terms with the Madras—Penang cable?—Yes.

1504. (*Sir John Ardagh.*) Do you know what the transit rates of the Madras—Penang cable are in comparison with the transit rates on the land line?—No; I cannot say, I cannot remember. I know what the transit rates would probably be on the land line, that is all I can say—that would be 2d.

1505. (*Chairman.*) I am not quite sure whether you fully answered the question. You said that this territory was within the British sphere of influence; would not that go through Siam?—No.

1506. In no part of its course?—The Siamese have suzerainty over it at present; they appoint the governor.

*Mr. A. S. Baxendale.*



*Mr. A. S. Buxton.* 1507. It would not touch Siamese territory anywhere?—No.

26 Mar. 1901. 1508. Now, with regard to the cable; have you anything more to say?—No.

1509. (*Sir John Ardagh.*) I think I had better clear up a matter as regards the actual proprietorship of territory by asking the question whether it is not the fact that the greater part of the country through which this line of telegraph would pass from Province Wellesley to British Burmah is nominally at least under Siamese supremacy?—Yes, it is.

1510. That is to say, that we technically and politically do not pretend to have any sort of right of interest or protection over those Malay States between Province Wellesley and Burmah?—Not in local Government at all. In regard to foreign Governments I imagine we do maintain that we have some interest in them since the Mekang treaty.

1511. What I wished to bring out was that we have not a perfect right. Whatever claims we have over the territories in the Malay peninsula—they are imperfect rights; they are not under our protection, but we have a certain amount of influence?—Yes.

1512. They are under Siam, and yet Siam is not supreme?—Yes; that is so with regard to the greater part of the territory that this line would go through.

1513. But I think it would be correct to assume that there would be no practical difficulties offered by the chiefs of the States, or by the Siamese supreme power to the construction of a telegraph through that territory between Burmah and Province Wellesley?—There would be no objection I imagine.

1514. (*Lord Onslow.*) I understand you want to make this land line to go close to the sea coast the whole way?—Yes.

1515. Is that in order to make it more easily repaired from the sea?—Yes.

1516. Would not that render it somewhat liable to interruption by a hostile cruiser?—It could be so easily repaired; every 50 miles or so there would be repairing stations. If it were cut down to-day, to-morrow you would have it right again.

1517. (*Chairman.*) I understand that before you got your present position you were actually in the service of the Eastern Company?—Yes; and the Eastern Extension.

1518. And in 1899 you were appointed Commissioner by the Straits Settlements to visit the Island of Cocos Keeling?—Yes.

1519. Have you considered the arguments for and against a line from Cocos Keeling to Ceylon, or to Singapore?—Yes.

1520. I am sure the Committee would like to have your views upon that point?—Well, of course, my original ideas have been altered to a great extent now by the Extension Company having laid their line up in that direction.

1521. Which line do you refer to?—They have begun to lay their cable *via* Africa—an all-British route.

1522. From Mauritius to Cocos Keeling?—Yes.

1523. But even supposing that route, which is in the main a route from South Africa to Australia when it is completed, still would not there be some advantage in having a cable from Cocos Keeling so as to touch either Ceylon or Singapore?—Yes, that would be a very easy cable to lay, and an easy one to maintain.

1524. The point is, which of the two would your experience lead you to prefer?—I should be inclined to believe that it would be better to go to Ceylon.

1525. For what reason?—I think that you will find that it will be one less liable to damage, and less easily interrupted by a hostile power.

1526. It would be a better alternative route in other words, would it not?—Yes.

1527. I think you are acquainted with the contents of the report of the Pacific Cable Committee?—Yes.

1528. Have you any criticism to make upon that report?—I do not think that sufficient stress is laid upon the importance of delay in telegrams between England and Australia. I think that where there will be two alternative routes the merchants will be bound to take that which offers the quickest service as long as the rates are more or less equal.

1529. You mean that the submarine telegraphist must know that however well a thing is laid or mended there must be occasions from time to time occurring when interruptions will be taking place?—Yes, on the existing lines they would be able at any time when the companies' officials found the delay getting great on the Australian and English traffic to give precedence to the work on those points, and they would be able to get off the work at once. If, owing to lightning, they had to earth cables, or if, owing to general bad workmanship along the line, there had been a great deal of delay, they would give precedence to the work, and in an hour or so they would be able to clear it all off. On the Pacific cable there must be several hours' delay when the messages come in at the busy part of the day.

1530. Why?—Owing to the capacity of the cables being so much less than the work which will be handed in.

1531. At ordinary times, if that was the case, would not they divert traffic from the Eastern Company and the Eastern Extension to the Pacific cable?—They could divert the work, but as long as there is no joint purse arrangement—

1532. But your point, as I understood it, was that any competent expert would have informed the Committee that there would have been more breaks on the Pacific cable than on the Eastern or Eastern Extension. I do not quite see how that has to do with the present work?—That is not my point. It was delay in the ordinary daily traffic that I was referring to or had in my mind. There will be a greater number of interruptions probably on a cable of 3,000 miles than on those of a thousand miles. There will be probably greater length of time in repairing those cables, a greater chance of the faults being further away from the different stations. But still I do not think I was referring to that.

1533. (*Sir John Ardagh.*) Is it your view that the Pacific cable would materially compete with the Eastern and the Eastern Extension in the Australian traffic, if the tariffs were the same?—No, I do not think it would.

1534. Am I to understand by that answer that the traffic will still continue to come by the Eastern in preference to the Pacific?—Yes.

1535. For the reason which I understand you to have expressed, that in the one case there are many probabilities of interruption, and in the other fewer likelihoods of interruption and more alternatives?—I have not raised that question of interruption. My point is really the ordinary delay of a slow working cable as opposed to several cables, in order to carry off the work at once. It is the daily ordinary traffic under normal conditions that I think is the most important question.

1536. In short, when a cable arrives at that amount of work during the whole of the 24 hours the continuity and rapidity of traffic must be necessarily very uncertain?—Yes.

1537. Have you any views as regards the completion of the traffic between places in British possession in the East to the north of the Australia-Singapore line, such as Hong-Kong?—No. I have not gone into that question at all.

1538. Have you considered the question of uniting Borneo with Australia or the Straits?—No.

1539. (*Chairman.*) Is there any point which I or other members of the Committee have not touched upon which you would like to put before us?—No.

## SEVENTH DAY.

Tuesday, 23rd April, 1901.

PRESENT :

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*)The Right Hon. R. W. HANBURY, M.P.  
The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C.M.G.Major-General Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.  
Rear-Admiral R. N. CUSTANCE, R.N.ROLAND WILKINS, Esq. *Secretary*.  
J. H. LINDSAY, Esq., *Assistant Secretary*.

Mr. SOMERSET RICHARD FRENCH, C.M.G., called; and Examined.

1540. (*Chairman*.) I understand that you are Postmaster-General of Cape Colony?—Yes, and General Manager of Telegraphs.

1541. In that capacity you are a permanent and not a political officer?—That is so.

1542. And therefore, while I understand you are quite willing to express your own opinion upon matters of policy, any expression of opinion in matters of policy must be taken as personal to yourself, and not binding upon others?—That is so.

1543. The first point or the first branch of the subject on which I understand you wish to speak is as to the expediency of adopting a commercial in preference to an all-British route in connection with the laying of the third cable between Porthcurno and Cape Town?—Yes.

1544. You found that partly I understand upon the Report of the Departmental Committee which was appointed in 1897?—Yes.

1545. Would you develop that in your own words?—The Departmental Committee recommended that the cable should be laid between Porthcurno and Cape Town, *via* Gibraltar, Sierra Leone, Ascension, and St. Helena; that a subsidy of £20,000 per annum should be paid to the Telegraph Company for a period of ten years, and that the rate for ordinary messages should be reduced from 5s. a word to 4s., with half rates for Government messages.

1546. I understand, in opposition to that proposal, the Cape Colony favoured a cable *via* Madeira, St. Vincent, Ascension, and St. Helena?—That was so.

1547. Can you give the reasons for that opposition?—The principal reasons were that the route advocated by the Cape Colony covered a lesser distance, 6,917 knots against 7,419 knots, whilst the working sections were all fairly equally lengthy. They were as follows:—Porthcurno to St. Vincent, 2,431 knots; St. Vincent to St. Helena, 2,595 knots; and St. Helena to Cape Town, 1,891 knots, or a total of 6,917 knots as compared with 7,419 knots by the other route, with four sections of varying length. The estimated length of the sections by the Sierra Leone route was as follows:—Porthcurno to Gibraltar, 1,188 knots; Gibraltar to Sierra Leone, 2,400 knots; Sierra Leone to Ascension, 1,120 knots; Ascension to Cape Town, 2,711 knots, or a total of 7,419 knots.

1548. But you had other reasons, I understand, apart from these which you have just given?—Well, it was felt that it would be neither economical nor satisfactory for an essentially commercial cable to be dependent upon so notoriously unhealthy a station as Sierra Leone for the working of its longest section, the section practically regulating the speed of the cable. It was also felt that it was a strategical disadvantage for a cable to pass in comparatively shallow water close to the foreign naval station at Cape Verd; although that was a point which was not exactly for the civil Government of Cape Colony to express an opinion upon; it was a matter which rather appertained to the War Office and the Admiralty.

1549. (*Sir John Ardagh*.) You mean Dakar?—Yes, the French naval station. It was also the fact that the two islands of St. Vincent and Madeira were the property of a neutral power friendly to Great Britain and favourable to cable enterprise, and that the commercial necessity of rapid cable communication between England and South Africa was of paramount importance in view

of the rapid development of the British Colonies in that part of the world. I should explain that it was recognised that the cable *via* St. Vincent would be a faster cable than the cable *via* Sierra Leone, owing to the great length of the section between Gibraltar and Sierra Leone as compared with the Porthcurno—St. Vincent section with a manual relay at Madeira.

1550. Now, as I understand from your statement of these views, they are objections which are, so to speak, personal to that particular enterprise?—That is so; and I should explain that our contention has been admitted and the cable laid by the route we recommended, and it has been laid without the payment of a subsidy.

1551. When I put the general question to you at first I wanted to see whether you had formed opinions, and, if you had formed them, to elicit any general opinions as to the policy in cable-laying of going by commercial routes, if they are shorter and more direct, or preferring as a matter of policy what are described as "all-British routes"?—I take it that an all-British route is a route which is adopted primarily for strategical purposes. As a civil officer, I consider that the commercial interests require to be fully safeguarded, and that the right thing is to design a line which will meet the strategical requirements without unduly sacrificing commercial interests. A war may possibly only take place once in twenty-five years, whereas we have the necessity for good cable communication in connection with the commercial development of the Empire always with us. In connection with the proposal to adopt the St. Vincent route in preference to the Sierra Leone route, I ascertained from the company when negotiating with them for what subsidy they would lay a cable from Ascension to Sierra Leone, so as to meet the possible objections of the Admiralty. They said they would lay a cable for a subsidy of £5,000 a year for a period, I believe, of twenty years, and the Imperial Government has since agreed to the laying of that cable, and it is now in course of being submerged. So that in this case we have met both the commercial and the strategical requirements.

1552. There is another point on which I know you have views to express—namely, on the important matter of fixing the tariff, and you have formed an opinion in favour of that method known as doing it by the sliding scale?—Yes; I suggested in the negotiations in connection with the laying of a third cable, and as the result of long correspondence with the companies on the subject of the necessity for a reduction of the rate between South Africa and England, that we should adopt a sliding scale—that is, that we should fix a standard revenue to be earned by the company (less out-payments to other companies), and that after that standard revenue had been reached all earnings above should be divided between the company and the subsidising Governments in equal shares until the subsidy was extinguished.

1553. It is obvious that in adopting that method the chief point—in fact, the absolutely essential point—is to take care that you have got a fair amount to fix as the standard earning of the cable?—Precisely; everything depends on that. And, further, I arranged that when the standard revenue was earned three years in succession the rate of charge for ordinary telegrams should be reduced by 6d. per word until a minimum of 2s. 6d. a word was reached.

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1554. What is your idea of the measure of a fair amount of a standard earning?—Some years ago the late Sir John Pender admitted to me that, if the Eastern and Western cables earned a gross revenue of £174,000, less outpayments, he would be satisfied. When the 1895 agreement was under consideration, after we had settled all other details, I moved a resolution that when that total was reached—that is, when the company were satisfied with their earnings, they should reduce the subsidies by giving the subsidising Governments one-half of any additional earning.

1555. You use the expression "when the company is satisfied with its earnings"?—He admitted to me that he would be satisfied if they earned £174,000. At that time the company was earning very much less.

1556. I do not want it so much upon one particular case. But supposing you had now, as Postmaster-General of Cape Colony, to go and bargain with the company for the fixing of a fair measure of the standard revenue, what test would you apply, what would you say to them should be their profit?—Well, in this particular case Sir John Pender admitted that that would enable him to pay 6 per cent. to his shareholders, and that seems a fair rate of interest, looking at the uncertainty in connection with the working of cable enterprises.

1557. (Mr. Hanbury.) You mentioned £174,000, which you said Sir John Pender would have been satisfied with; that was the revenue from what portion of their lines?—I take it the Eastern and South African Company's lines, not the Eastern line.

1558. The Eastern and South African Company?—Yes; that is the cables from Durban to Aden and from Cape Town to St. Paul de Loanda, but inclusive of the contributions they had to make, out of the revenue collected, to the Associated Companies which connected those lines with Europe.

1559. That roughly means 6 per cent.?—That was what he said; he did not enter into any further details.

1560. You did not know what was the original cost, or anything of that kind?—No; I had no information before me, but we went upon that basis, and the Committee which negotiated the 1895 Cape agreement fixed the standard revenue under that agreement, in a spirit of liberal compromise, at £180,000.

1561. (Chairman.) The standard revenue once fixed, you have, I understand, three other leading conditions under the bargain, namely, that a reduction of 6d. per word is provided for automatically when the receipts, less outpayments, for any three consecutive years exceed the standard revenue and continues until the minimum rate of 2s. 6d. per word is reached?—That is so.

1562. Secondly, that a rate once reduced cannot be raised even if the standard revenue is not earned; and, thirdly, you tell us that the first reduction from 4s. to 3s. 6d. has already taken effect, and there is no doubt that the next reduction to 3s. will come into force next January?—That is so.

1563. Then you have some observations to make to us upon the question whether it is reasonable to reduce subsidies if the cable receipts exceed a total which may have been agreed upon originally?—That is what I have explained already. Under the 1895 agreement the subsidies were reduced when a total revenue of £180,000 was reached. That provision was to take effect five years after the new agreement came into force, viz., 1st January, 1905, but in the later agreement which I made with the company two years ago, but which has not yet been signed by the Imperial Government, although it has been adopted by the company provisionally, the reduction takes effect from the commencement of the contract; that is, from the 1st of January of last year. As the revenue this year, owing to the war, will be very much in excess of the standard rate, there will be practically no subsidy payable by any of the subsidising countries.

1564. What are your views upon the important question of licences for landing?—In negotiating the landing licences for the third cable to the Cape, we introduced three important provisions. One was that the licence should be limited to twenty years; the second that the Government could claim priority for public messages; and that Her Majesty's Government might assume the right to control the working of the cable in time of war. I should like to remark that it is questionable whether, in view of the fact that in the

near future the payment of subsidies for cables will be the exception rather than the rule, many of the provisions of existing agreements should not be introduced into landing licences, more especially the Government right to half rates and the reduction of the public tariff on a sliding scale such as I have already explained.

1565. As I understand, so far as Cape Colony is concerned, you made in the most recent case three conditions, did you not?—Yes; those three amongst others.

1566. You put in these three, at any rate: that the term of its duration is twenty years; priority for Government messages; and you give Her Majesty's Government the right to assume control of the cable in time of war?—That is so. We also hold very strongly that no landing licences should give an exclusive privilege, because the Cape Government has expressed its willingness to grant landing licences to any competing company which may come into the field. If the traffic increases and it is worth the while of a competing company to lay a cable, the Cape Government would not object.

1568. In other words, you expect the company to take its chance of ordinary competition from other commercial enterprises?—Yes.

1568. Do you expect it to take the chance of competition from Government also?—I should like to express, as briefly as possible, my own view on the subject of State-owned cables as against commercial cables.

1569. (Mr. Hanbury.) What the Chairman really asked you was this: How far you left it open for the State to compete with them?—It is perfectly open, I assume, for the State to compete.

1570. Nothing has happened to prevent their competing, either morally or legally?—Nothing whatsoever; but it is a very much debated point at the present time as to whether cables should or should not be State-owned.

1571. (Chairman.) I am anxious to get your personal view of whether you think it is right that the company should be prepared to take its chance not only of commercial competition, but of Government competition. I want to have your view upon that point?—The question of vested interests comes in for consideration, which is perhaps a matter of policy for the Government in power, rather than for a permanent official to express an opinion upon. I shall be glad to give briefly my views generally on the question, if I may be allowed to do so.

1572. If you please, certainly?—If the object be to provide cheap inter-communication for the benefit and at the expense of the public regardless of general commercial considerations, and the same result cannot be obtained by other means, then I think that State-owned cables are a justifiable, if not an economical, means of attaining the end. State-owned cables on main routes must to a certain extent interfere with vested interests. Whether this is justifiable or not must depend upon whether the vested interests are carrying on their undertakings with a due regard to the interests of the persons using the service. Government competition on busy routes carrying a paying traffic would speedily put an end to commercial cable enterprise. A commercial corporation possessing a large system of cables furnishing alternative routes, with a fleet of repairing ships and a large staff of operators, can probably provide a more efficient and uninterrupted service than any series of separate State-owned lines managed by boards representing possibly conflicting interests. In my opinion, cables are intended primarily to serve commercial purposes, and are better when free from direct political control and observation. A commercial company can either by agreement or by the terms of the landing licences for its cables be controlled so as to adequately safeguard the interests of the public and the Governments concerned. All cable companies are subject to the Regulations annexed to the St. Petersburg Convention, although practically they have no direct voice in the making of those Regulations. Inland telegraphs should always, I think, be the property of the State. Those are briefly my views upon the question of State-owned cables.

1573. There is one point which I should like to put to you, although not suggested by yourself, because it deals with a matter which has been put before us by witnesses who take some one side and some the other, and that is the question of whether it is desirable to have more than

one class of telegrams. Some people propose to have a service of "urgent" telegrams at a higher rate; others propose to have "deferred" telegrams at a cheaper rate than the normal one. You must have considered the question. Have you any opinion upon either of these proposals?—We have frequently considered the matter in the Cape Colony so far as the adoption of a "deferred" system in connection with the inland telegraph service, but we have always held that a uniform rate was preferable, and that for the very reasonable rate which we charge we ought to furnish a thoroughly good service. The rate is 1d. per word with a minimum of 1s. throughout South Africa.

1574. I was not thinking so much of your view about the inland communication in South Africa, but rather of communication between London and Cape Town. Now, for instance, we know, speaking generally, it takes eighteen or twenty days for a mail steamer each way—that is, speaking generally, forty days before you get an answer by post. Do you not think that many people, while they would hesitate to pay 3s. 6d. or 3s. a word for a telegram—their business might not render it worth while—would be quite willing to pay a reduced rate if they could get an answer in ten days instead of the 40 days?—I am not in favour of a differential rate.

1575. Do you mind telling me why?—Because I think with a really good service you should have but little delay, and it must practically cost the same to send a "deferred" as it does to send a "preferred" message.

1576. Are you quite sure about that? Are not there hours during the 24 hours of the day in which working is slack at the present time?—At night the cable might be slack, for as a rule the night work is not very great. But if the Australian cable is laid, the western cables to the Colony would be filled with Australian messages, which in the case of those cables would militate against such a system being introduced.

1577. No doubt that is a point to be taken into consideration, but I understood you to go further and say that under no circumstances would you like to see any graduation of charge for a telegram in respect of it being allowed to take longer in transmission?—If the company can carry a "deferred" telegram at a cheaper rate, they surely can afford to reduce the normal rate.

1578. Is that an irrefragable axiom?—I think so; because it must cost them as much to send a "deferred" telegram as a "preferred" telegram.

1579. (Lord Onslow.) Of course you are aware that there is already in existence a differential rate for press telegrams?—I am aware of that.

1580. You do not think that is a reason for extending the system to private telegrams?—There is not, perhaps, as much expense in transmitting press telegrams as there is in connection with the signalling of short public messages, because with each message there are a considerable number of words of official matter which have to be signalled free of cost.

1581. You have never found in practice in the Cape Colony that commercial messages which would have been sent at a shilling rate are not sent at all because the rate is 3s. 6d.?—The cheaper the rate the larger the traffic: that is always the case, I think. But, as a matter of fact, a commercial message is sent if the rate is 1s. a word or 4s. a word because, as a rule, it is a matter of necessity. Low rates develop domestic traffic, which is not so much a necessity, but a very great convenience.

1582. One of the witnesses told us that there was a certain amount of business in Manchester, I think, which should be called speculative business; that is to say, they would telegraph to find out certain prices and certain quotations, but they refuse to do so on the ground that it was speculative and might not lead to business; but if they had a cheaper and deferred rate they would be ready to take the risk of the message proving futile. You have not had that experience, have you?—I do not think so. I doubt whether anyone would be deterred from sending a telegram at the normal rate if there was a good speculative chance of making a good sum of money.

1583. It was the chance of any business arising at all?—I am not sufficiently acquainted with that class of business to express an opinion.

1584. You are aware that they have these rates in India?—I am aware of that.

1585. But you do not think that they would be applicable to the Cape Colony?—I should prefer not to see them applied.

1586. (Mr. Hanbury.) Are the rates low enough for domestic traffic?—There is at present a very considerable domestic traffic.

1587. Do you know what proportion it is to the whole?—I have no information. The representatives of the Eastern Company would be in a better position to say what the relative proportions are.

1588. But I suppose you attach importance to the rates being sufficiently low to enable this domestic traffic to be carried on?—Most certainly. When I commenced negotiating with the company in 1895 the rate from the Cape to Europe was 8s. 9d. per word; at the present time it is 3s. 6d. per word, and will, I hope, in two years be 2s. 6d. per word.

1589. Because I suppose for domestic purposes the code is not used so much as for commercial traffic?—It is not used very largely excepting by packing companies, people can make arrangements with Reuter's Agency at the Cape for certain messages at a lower rate in code.

1590. I should like to know what does happen in regard to the sending of these domestic messages?—The majority of people send the message at the ordinary rate of 3s. 6d. per word, but a great many make arrangements with Reuter's Agency for sending a code message.

1591. You do not know whether those are domestic or commercial messages?—I think they are both domestic and commercial. If Reuter's code has a word which will express the meaning, I have no doubt that the sender would be very glad to pay a smaller sum to have it sent in the code.

1592. At St. Vincent the staff is English, is it not?—It is the Eastern Company's staff.

1593. But they are not Portuguese: they are English?—They are English. I have always understood that from the company.

1594. You told us about the bargain you made—certain conditions that you made as to the landing of that third cable. What about the conditions imposed between Australia and the Cape?—The landing licences will be granted by the Natal Government, which is a separate Government from the Cape Government. I believe the terms of the landing licences will be almost if not precisely similar to those granted by the Cape Colony in respect of the third cable; but I have no official information upon the subject.

1595. You impose no conditions as to ultimate purchase or anything of that kind?—No.

1596. Then the idea in your mind—I do not know whether in that of the Cape Governments generally—was that if the company could pay 6 per cent. on its outlay, putting by necessary repairs and maintenance, they ought to be satisfied. That was the idea on which you based your scale of charges?—The late Sir John Pender agreed to £180,000; that was £6,000 more than the £174,000 which he said would satisfy him, and that has been more or less the basis followed in subsequent negotiations. But I should wish to say that the third cable represented an interest on capital to the company a sum of £150,000 a year, which would make the sum to be provided in the shape of gross receipts £330,000; that is adding £150,000 to £180,000. Notwithstanding that the £150,000 represented interest on capital alone, the company has agreed, after very considerable pressure, to accept a standard revenue of £300,000.

1597. I do not quite follow you; in these negotiations with the company, did you go in fixing your scale upon the idea that the company ought to be satisfied if year after year they obtained 6 per cent. of their outlay?—No, we were of opinion that they ought to reduce rates if they earned a revenue of £300,000, and they ought at the same time—

1598. A gross revenue of £300,000?—Yes, less out-payments to other companies, and at the same time that they should share all receipts above that figure with the subsidising Governments in the way of reducing the subsidies.

1599. How much of that £300,000 would be legitimately available for dividend?—I am afraid I could not tell you. We were not aware of what was necessary to enable a company to pay a fair dividend until Sir John Pender gave me, informally it is true, the information that he would be satisfied with £174,000; but in the case of a new company or a new agreement doubtless more precise information could be obtained.

1600. You talked of State-owned cables between, of course, either England and the Cape, or between the Cape and Australia; there would be two parties con-

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cerned, do you mean that there would be joint ownership?—There would be probably more than two parties, because, I presume, the Governments of the colonies concerned would have to be represented in some form.

1601. But in this new cable between England and Cape Colony, as far as I know the direction, there is no colony concerned except the Cape?—St. Helena is a Crown colony, and I presume that the policy would be dictated by the Imperial Government entirely.

1602. When you speak of State ownership, what do you mean in that case—dual ownership?—No, the Cape Colony is not alone interested in the working of the cable; although the cable is landed in Cape Town, subsidies are paid to the company by the colonies of Natal, Rhodesia, and the Transvaal.

1603. Then it would be an ownership between all the colonies in South Africa and the Mother-country?—It would be. I take it that they would have to be represented on the Board of Management, because the Cape Colony would not accept the sole liability for any deficiency. If the board fixed a very low rate which imposed a heavy loss on the States concerned, it is not likely that the Cape Colony would pay the whole of that loss and give the advantage of the low rate to the Transvaal, Rhodesia, Natal, and the Orange River Colony.

1604. What I wanted to get at was this: When you talked of State ownership, I was not quite sure whether it was joint ownership between the Mother-country and the joint colonies, or whether it was State ownership by the Mother-country entirely?—I take it that it would be joint ownership.

1605. The cable between Australia and Natal would be, again, jointly owned by the Australian colonies and South African colonies?—Yes, quite so; in the case of Australia it might be the Federal Government, which would represent the whole of the Australian colonies.

1606. (Sir John Ardagh.) Your objection to the route which includes the section from Gibraltar to Sierra Leone was mainly based upon the slowness of transmission over that section in consequence of its length?—Mainly. But the Eastern Company required a subsidy of £20,000 a year if they laid the cable by that route, whereas they assented to adopt the commercial route without subsidy.

1607. The fact being that no steamers call at Sierra Leone and that a great many call at Madeira and St. Vincent, and that a good deal of business comes to them from those two stations?—I do not think that influenced us to any great extent. The fact that the cable could be worked at very high speed through having three working sections of fairly equal length was the main consideration. As a matter of fact, the company works from Porthcurno to St. Vincent with a manual relay at Madeira, and from St. Vincent to St. Helena, and from St. Helena to Cape Town, and I understand that they are about to introduce a new automatic instrument which will enable the message when once punched on the automatic slip at Porthcurno or in London to be sent without any further manual transmission as far as the Cape.

1608. You will have automatic relays at the intermediate stations?—Yes; that will, of course, greatly reduce the area of possible error due to second and third manual transmissions.

1609. Is it not the fact that the longest actual span on the line as laid is not very much less than that from Gibraltar to Sierra Leone?—The distance from Porthcurno to Ascension *via* Sierra Leone is 4,708 miles.

1610. But what we want is the distance from Gibraltar to Sierra Leone?—From Gibraltar to Sierra Leone is 2,400 miles.

1611. Now, the longest span on your other route from Porthcurno to Madeira, what is that?—I am sorry to say that I have not got the exact length, but it is very much less than that.

1612. I think you will find on your notes that you have got some figures, which show that some of the spans are over 2,000 miles?—Quite so, but those are working sections with a manual relay intermediate. You must understand that there is a manual relay at Madeira on the Porthcurno-St. Vincent section.

1613. I see you have left out from Porthcurno to St. Vincent 2,595 miles, and Gibraltar to Sierra Leone 2,400 miles?—Yes.

1614. But is not it also the case that when the Gibraltar-Sierra Leone line was proposed, which is now

a good many years ago—8 or 10 years ago—a great many difficulties were in existence then in working a long span of 2,400 knots, which have been entirely obviated since?—That is so, and the cables that are now laid are of a much heavier type than were originally laid.

1615. What I wish to bring out is that there is no objection to having the span from Gibraltar to Sierra Leone?—I think it is a very strong objection that a commercial line should be worked at so unhealthy a place as Sierra Leone, because occasionally, I understand, a very large number of the white staff are incapacitated through the fever which is so prevalent there.

1616. That, no doubt, is a very strong objection. Now, to refer to a question which you have already partially answered, I should like you to explain to the Committee the process of packing. It is rather an important thing on the question of deferred messages?—I do not know that I can give you very much information upon the subject. All I know is that you can take a message to Reuter's Agency at Capetown, and they pack them in some form by means of a code, and send them at a lower rate than you would pay if you sent an open message in the ordinary course.

1617. The result being that the domestic messages when packed are practically sent at as low a rate, or nearly as low a rate, as the code messages sent by the commercial community?—I question whether they would be sent at as low a rate, because many of the commercial codes are so perfect that a good deal can be expressed in a very few words. In fact, the large proportion of our commercial business is transacted in code.

1618. Well, the price is diminished in a considerable degree by packing?—It is; but only persons having access to Reuter's office in Capetown, I imagine, can use the code.

1619. Any person who has a commercial code can send a message in code?—Certainly, and anyone can use the A B C code or other similar codes if they arrange with their correspondents beforehand. In fact, many people do use those published codes.

1620. The general fact being that the public combine amongst one another and exert all their ingenuity to devise some system of messages in the cheapest possible way to the detriment of the revenue of the cable companies?—The use of codes is steadily increasing year by year.

1621. And that would have a very decided effect upon any attempt to introduce deferred or urgent telegrams on a cable?—It might have an effect.

1622. Then another point in reference to that I should like to ask your opinion upon: the press messages are, practically reduced rates or deferred rates, but is it not the fact that the press messages are practically packed; that is to say, they are run off the tape and run through the cable by the yard or the furlong?—I do not think so. I believe they are signalled by the company in just the same way as ordinary messages. It is true that they do not undertake to send them through until the ordinary traffic permits of it.

1623. Do not they enjoy the additional advantage of being first of all punched on tapes?—That is only when they use the Wheatstone apparatus.

1624. But that apparatus is getting pretty generally into use now?—Not on long cables. The Syphon Recorder is to the best of my belief the instrument which is generally adopted in working long cables.

1625. They are still using that on the African line?—Certainly. They proposed to introduce a new form of automatic instrument, but at present I understand the line is still being worked by the Syphon Recorder.

1626. Now, with reference to the standard earnings, have you formed any detailed estimate as to how they are made out—the items of which they are made up?—We only have the assurance from the company that that revenue is necessary to enable them to pay a fair dividend to their shareholders and place a reasonable amount to their reserve fund, after, of course, paying all working expenses.

1627. You have to take into account first of all the original cost of the cable?—Yes.

1628. And the cost of laying it?—Yes. That would be included in the original cost, the cost of manufacturing and the laying of the cable.

1629. The manufacturing it, the laying it, the maintaining it, the staff for working it, the superior staff of the general administration and the reserve fund; is there any other item?—Speaking generally that would cover the expenses.

1630. The reserve fund would be a very important one?—In maintenance, of course, you include the cost of cable ships, the material for working the line, apparatus of all kinds, and every expense that would come under the heading of maintenance.

1631. Certainly that would be all covered. But the renewal fund is an insurance, is it not?—It is in the nature of an insurance.

1632. Do you happen to know what the cable companies put down as a fair percentage for renewals?—I have at the present time no information on the subject in my possession. I am, I should perhaps explain, on leave of absence, and have no access to any official documents.

1633. Now as regards landing rights. The words "landing rights" appear to convey a very simple meaning, merely a right to lay a cable line upon the shore. But in reality, do not landing rights mean a great deal more than the mere right of landing? Is not a landing right practically a very large concession?—The landing right is the only fighting weapon you have in dealing with a company, if you are not going to pay them a subsidy.

1634. Or even if you are; under any circumstances whatever, it is the only weapon you have got?—You can prevent landing, and consequently you can make your terms before giving landing rights.

1635. Therefore the landing rights are not likely to be parted with?—No; they are not allowed to be assigned by the terms of the licence.

1636. We had before us certain views representing that landing rights should be conceded free in all cases *unconditionally?*—I do not agree with that. *Mr. R. French, C.M.G.*

1637. (*Chairman.*) Now that we have dealt with these points, is there anything that we have missed, or any other matter, before I go to the special subject of control in time of war?—I might perhaps inform the Committee that in connection with the negotiations of the terms upon which we would give a landing right for the third cable, we exacted an undertaking from the Eastern Company that they would charge a maximum rate of 2s. 6d. per word for messages to Australia by the proposed Australian cable if it was ultimately laid, with half rates for Government messages. *23 Apr. 1901.*

1638. In other words that the rate upon messages, through rates from the United Kingdom to Australia *via* the Cape, was to be the same between the United Kingdom and the Cape as the United Kingdom and Cape messages are; is that it?—No; the undertaking was that messages exchanged between the Cape and Australia should not bear a cable charge of more than 2s. 6d. per word.

1639. So that the bit from the United Kingdom to the Cape on a through message might be actually a little less than the charge for the message which stopped at the Cape?—It might be, if such an arrangement was made between the company and the Imperial and Australian Governments.

1640. I mean that might be the effect of it?—Well, we hope to get a 2s. 6d. rate to the Cape, and that would give a maximum rate of 5s. if the cumulative system were adopted, but as the Australian traffic would go at night, it is possible on the Cape section of the cable the rate would be very much less than 5s.

1641. Have you no other point to lay before us?—No.

## EIGHTH DAY.

*Tuesday, 30th April, 1901.*

PRESENT :

The LORD BALFOUR OF BURLEIGH K.T. (*Chairman*).

The MARQUESS OF LONDONDERRY, K.G.  
The Right Hon. R. W. HANBURY, M.P.  
The EARL OF HARDWICKE.

The EARL OF ONSLOW, G.C.M.G.  
Rear-Admiral R. N. CUSTANCE, R.N.

ROLAND WILKINS, Esq., *Secretary.*  
J. H. LINDSAY, Esq., *Assistant Secretary.*

Mr. J. C. LAMB, C.B., C.M.G., called; and Examined.

1642. (*Chairman.*) We know that you are Second Secretary to the Post Office, and we understand that you are acquainted with the relations between the Department and the cable companies and other telegraph administrations?—Yes.

1643. You attended the International Telegraph Conferences of 1890 at Paris and that of 1896 at Budapest?—Yes.

1644. And in both cases as the senior delegate of the United Kingdom and of the Cape and Natal. At Budapest you also represented New Zealand, and you were President of the Commission des Tarifs, were you not?—That was so.

1645. I should like to have your views in your own words of the desirability, or if you like to put it so, the necessity, at any rate the extreme expediency, of the British Empire remaining in the Convention?—Well, may I put it in the negative form: what the disadvantages would be?

1646. If you please?—If we were outside the Union first of all we should have no voice in the framing of important regulations, for example on the use of code and cypher, the length of the word, semaphore telegrams, the equivalent of the franc in local currency, and so on. And however much opposed to our own views the Regulations might become we could not alter

them, and would have to submit to them unless we were ready to see our telegrams excluded from the countries of the Union. Again, we could not claim to have the facilities for intercommunication prescribed by Article 4 of the Convention; we could not secure priority for our diplomatic and other official telegrams; and we should have no right to receive the information collected by the International Office about the opening of new telegraph offices, about the closing of offices, about the imposition of censorship, about suspension of the right to send telegrams in secret language, about interruption of telegraph lines, or about any of the matters in respect of which the International Telegraph Office is constantly sending out circulars by post and by telegraph. We should thus get to loggerheads with the public for allowing them to send telegrams which could not be delivered, and for denying to them information which their rivals in other countries were regularly receiving. Moreover, the Union might conceivably interpose obstacles to through-transmission, and through-accounting, and impose differential rates on the transmission over their lines of our non-Union traffic. In any case, if the British Empire were free in matters of tariff to make combinations for its own benefit it would have no right to object to hostile tariff combinations by other countries.

1647. What are semaphore telegrams?—They are

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telegrams between a ship and a signal station ashore, in either direction. They are very important to the mercantile community of this country. Lloyds receive a great many of them, and the owners of the principal steamship lines also receive a great many; and at Paris we succeeded in getting the charge for signalling a message from the ship to the shore, or from the shore to the ship reduced from 2 francs to 1 franc. That was a reform in the interest chiefly of the British mercantile community which the delegates of this country procured.

1648. The considerations which you put before us are of very varying importance; some are of great importance and some of less importance?—That is so.

1649. Your views are an apprehension that these things might happen, not that they certainly would happen?—Well, I think it is very likely that many of them would happen, because, to take the case of differential rates, as a matter of fact differential rates have been introduced against non-Union countries. India herself charged differential rates even until 1890.

1650. Charged by whom?—The Telegraph Administration of British India charged differential rates for non-Union traffic against America.

1651. Well, but does the Convention fix the rate?—At each Conference the rates are declared; the Convention fixes the rates of European countries, and at each Conference the rates of non-European countries are declared. But in this case India did not charge her declared rate for American traffic, but a higher rate.

1652. Do you put it to us that the Convention is all pure gain—that there are no disadvantages in connection with it?—I know of no serious disadvantages.

1653. Well, the Convention is one of the instruments, is it not, which prevents us having control of our rates between this country and India?—I do not think it has yet interposed any obstacle.

1654. Is our adhesion to the Convention and the consequent restrictions under which we are placed as regards the rates not one of the difficulties of the proposed reduction of the rates between the United Kingdom and India?—I do not think so.

1655. You think that the British interests in telegraphy are not great enough to stand by themselves?—No, I think we have too many relations with the various countries of the world to make it possible for us to stand aloof from an international arrangement.

1656. Would the fact that we stood aloof from it—would it not break it up altogether?—No, I do not think it would. They began without our assistance, and I think they would continue.

1657. I suppose you would say that it is a different thing, and a more serious step to break away from an arrangement once made than to refuse to join in the arrangement?—I think that is so; I think it would be regarded as a hostile act.

1658. Do you suggest to us that our interests are so bound up in the main in the Convention that we should submit to any restrictions that might be put upon us rather than break away?—No; I do not think I should put it quite so strongly as that, but I do not know of any case in which the view of this country, strongly expressed and reasonably supported, has been opposed to an extremity. We have been treated with consideration and fairness.

1659. You think the aim of those who have the management of the Union has been in the interest of a friendly co-operation and fair play?—That is distinctly so. Everyone has endeavoured to afford facilities for inter-communication, and not with narrow national aims, but in a liberal international spirit, and every improvement in method adopted in one country, has been readily communicated to the others. A hostile spirit has not governed the proceedings of the Conference. In other words the States have tried to help each other, and not to gain advantages or thwart each other.

1660. Some people say that this country is behind others in telegraph matters. What do you say to that?—Well, I cannot admit that, but if the contention be right, I think that our meeting in conference with the representatives of other States which are supposed to be advanced States, ought to be to our benefit, to the benefit of our public.

1661. Relatively to any other country the volume of the telegraphic work is much greater, is it not?—The volume of our international telegraph work is.

1662. I am talking entirely of external communication?—Yes; our international traffic, I think, is larger than that of any other country.

1663. And it sends and receives more long distance telegrams than any other country?—Yes.

1664. Do you think that tends to make it easier or more difficult for us to withdraw from the Convention?—I think it tends to make it more difficult, because we are more interested even than other countries in maintaining communication with the countries of the world. Russia, for example, might withdraw from the Union with less injury to her interests than we could, because of her Empire being more homogeneous, and because she has no detached colonies.

1665. But even if we were not parties to the Convention, do not you think that the other countries, in their own interests would continue to deal with us very much on the lines that they do now?—I think in regard to direct traffic terminating in the countries themselves they would; but not in regard to transit traffic.

1666. What do you mean by direct traffic and terminating in the countries themselves?—For example, traffic between this country and France, which does not go further. As regards such traffic I think the other countries would in their interest and in the interest of their trade continue to deal with us. They would allow their public to telegraph to us, and they would deliver our telegrams in the opposite direction.

1667. (Mr. Hanbury.) That is the people you are telegraphing to direct where no transit comes in?—Yes, but even there the regulations governing this business would not be our regulations, they would have to be regulations agreed upon with the other country.

1668. (Chairman.) They are not our regulations just now?—No.

1669. What change would there be? They are not our regulations now, and they would not be our regulations in the future; what would be the difference?—I rather understood your first question to be based on this assumption that if we withdrew from the Union we should have our own regulations and do as we like.

1670. I did not say so. Now having got rid of that assumption, what would be the change. The regulations would be the regulations of the Union in the future as now?—If that were so there could be no difficulty with those countries with whom we had direct dealings, but in the case of through traffic we come to a different state of affairs. It might well be to the interest of intermediate countries to discourage efficient intercommunication, and in any case they would be free from any obligation to provide it, and if they did provide it they certainly would not be bound by Union rates.

1671. Quite so; but would not self-interest induce them to provide them as it does now for fear of other methods of communication being used?—I think not always; they are now required to do so under the Convention.

1672. Assuming the worst, that we withdraw from the Union, that some other country is hostile and will not do for us what they do now and what we think they ought to do, between what points would we be most damnified?—I think we might find a case in Germany and Austria-Hungary.

1673. From where to where? Of course *ex-hypothesi* traffic originates in London, and I assume that it has to go through Germany and Hungary. Where does it go on to?—The case I suppose is going through Germany to Hungary and Austria.

1674. That is practically the only route from us to Hungary at the present time?—It is the only efficient route between this country and Austria; it is not the only route between this country and Hungary, but it is the only efficient route to Austria, and the Germans under the Convention have gone to the expense of providing wires for our use to Austria. I think it conceivable that if they were not required under the Convention to do this they would say, "We will no longer facilitate commercial enterprise between Great Britain and Austria."

1675. Assuming them to take that position, do you put it to me that there is no way of getting efficient communication to Austria or to Hungary?—I think we might conceivably get it by cable, but it would be more



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expensive, and we might get through France and Switzerland, but hitherto we have never had an efficient service provided in that way to Austria.

1676. You have never had the necessity to make great exertions in that way if you have had it sent the other way?—I think it is conceivable that some way might be found, but the general tendency would remain—the danger would remain.

1677. Then I will assume for the purpose of argument that we should be disadvantaged in getting to Austria and Hungary. Can you give me another case?—Yes, to Italy. It is supposed to be very important to our commerce to have good communication with Genoa and with some other principal cities of Italy.

1678. How can you get to Genoa by telegraph?—We get there by a direct wire which the French Government have placed at our disposal under the Convention at a moderate charge.

1679. Is there a country outside the Continent of Europe in which we would be put at a disadvantage by going away from the Convention?—I think with regard to India itself you would deprive her of alternative routes. You would still be able to have cable routes, but you might be deprived of alternative routes.

1680. (Mr. Hanbury.) About this communication with Vienna, for instance, you say it is a bad service which does not pass through Germany. How does Paris communicate with Vienna?—I think Paris has a direct wire to Vienna.

1681. Is that one not available to us?—Practically not, because it is already fairly full of French-Austrian traffic.

1682. Have we got any right to use it?—Not directly. If we send a message for Vienna to Paris the French would no doubt put our message on that wire. But that of course would be a re-transmitted message, and therefore a somewhat delayed message.

1683. (Chairman.) We know as a matter of fact that the United States of America do not belong to the Union at the present time?—They are not in a position to do so, because they have no State telegraphs. (It is only a country with State telegraphs which can adhere to the Union.) If they had State telegraph offices they would no doubt belong to it. They do belong to the Postal Union, which shows that it is not their policy to hold aloof from arrangements for the regulation of international communications. The companies who actually work the telegraphs in the United States receive invitations to the Telegraph Conferences, at which they are encouraged to express their views; and as a matter of fact they work in harmony with the Telegraph Union. But if the telegraphs of America belonged to the Government of the United States and then the Government did not adhere it could scarcely expect to receive the same consideration.

1684. What is the state of matters in respect of Canada?—Canada has a limited system of telegraphs, chiefly confined to the St. Lawrence for, I think, lighthouse purposes, but substantially her position is the same as that of the United States.

1685. I put the question and made it quite clear that you do not think that there is the same risk in a country being differentially treated, which has never joined, as in the case of one having joined and broken away?—I think there must be a wide difference. I think that the view which the Telegraph Union would take of a withdrawal must be different from the view they take where a country has never yet joined.

1686. It would come to this, whether spite or self-interest was to be the rule of the action of the Union?—I think that where there was a case of self-interest, self-interest would over-rule spite.

1687. I think so too. I think it would be desirable in the interests of the Committee that you should give some information of the origin and scope of paragraph 27 of the International Service Regulations?—Yes, this Regulation, which imposes a certain restraint on competition, dates from the Conference of Vienna in 1863—the first Conference after the formation of the Telegraph Union in Paris in 1865. The object was to prevent what was described as "abnormal competition" which might be brought about through excessive reduction in rates to attract traffic from the lines of other administrations. It was felt that such competition would be injurious, not only to the administrations whose revenue was adversely affected, but also to the public,

who would run the risk of the withdrawal from the international service of lines for which there had ceased to be a reasonable remuneration. The view of the Union seems to have been that in the long run it must be to the advantage of the public that abnormal and unfair competition should be discouraged as being opposed to the great object of keeping open, in efficient and full working order, as many routes as possible.

1688. That is an admirable description of it, but put shortly, it is simply this: that a monopoly is an excellent thing as long as it is my monopoly?—Well, you will pardon me, I think, when I say that the object was rather against monopoly. The object which the Union had in view was to oppose monopoly, and to secure as many routes as possible at the same tariff.

1689. So long as that tariff is a high one?—Not necessarily. The tendency of the Union has always been towards low tariffs.

1690. It is, perhaps, a wide question, but do you think that rates have been reduced as fast under this arrangement as they would have been if there had been perfectly free competition?—I put the answer in this way: I think that the only serious difficulty to the reduction of rates has been the interest of the cable companies, which is to a large extent a British interest.

1691. Do you think that the tendency of the Union has been to maintain rates or to see them reduced on good cause shown?—The tendency has decidedly been to reduction.

1692. Are you in favour of the Regulation exactly as it stands?—Yes, I think it is desirable to maintain the Regulation as it stands. As I have already said, I have no knowledge of any serious difficulty having arisen out of it in practice.

1693. Is it not one of the instruments which at the moment operates to prevent a reduction between this country and India?—I do not think it is—I do not think so.

1694. Does it not prevent this country, if it wished to do so, reducing the rate, or getting a reduced rate?—No. I think the real obstacle is the agreements made by the Indo-European Telegraph Company with the German Government and with the Russian and Persian Governments.

1695. That is the Joint-Purse arrangement?—It is deeper than that. If you could get rid of the Joint-Purse, and could get rid of the Convention, you would still have these agreements to deal with, which are in existence, and which bind the parties.

1696. But they do not bind the Eastern Telegraph Company, do they?—No, there it is the Joint-Purse. The Joint-Purse binds the Eastern Telegraph Company; but the agreements between the Indo-European and the Russian and Persian Governments bind that company.

1697. There is an obstacle to getting a reduction between the United Kingdom and India?—Yes.

1698. What in your opinion is the obstacle?—The obstacle in my opinion lies solely and simply in the agreements between the Indo-Company and the three Governments.

1699. How does that work to bind the Eastern Telegraph Company?—At that point, as you yourself suggested a few minutes ago, the Joint-Purse does come in. The Eastern Telegraph Company cannot reduce because they are bound by their Joint-Purse.

1700. Are you satisfied with the position as regards control between England and India?—No, I am not. But I am quite sure that the difficulty does not arise out of the Convention. I am perfectly certain it was not the Convention which prevented a reduction at Budapest—I am absolutely clear about that.

1701. If I understand your view rightly, it is that you like restraint even in principle as distinct from a free competition?—My view is that the principle of restraint is sometimes beneficial to the British Empire, because from the point of view of Imperial interests mere cheapness of communication is not so important as security, rapidity, and British control. At present the British cable companies maintain, without subsidy in respect of their main lines, a system which, generally speaking, provides an efficient service of great extent under British control. The rates in some directions are capable of reduction, but if, under an unrestrained competition of land lines, they were forced down to a point where they would cease to afford a return on the capital,

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it would be necessary for the Government, in view of the importance of the cable communication, to pay large subsidies to the companies; and then the foreigner would get the benefit of the low rates on the cables, and get it at the expense of the British taxpayer.

1702. I do not quite follow the whole of that reasoning. Surely the custom of the British Government is a very important factor, and if given, you may call it a subsidy, but if all the custom of the British Government was given to a company between this country and India, may that not have the same effect?—Are you speaking of Government messages or ordinary messages between this country and India?

1703. I am talking of the Government—you say that it is necessary to give subsidies. Is the mere business which the Government can put in the way of a cable company between this country and India not an important factor?—I do not think that it would save a company from injury if an extremely low rate were quoted by a competitive route.

1704. You say an extremely low rate; but surely they might be lower than they are now without risk of those terrible calamities coming upon us?—That I quite agree with.

1705. Under the existing system, and the difficulties which have been put around it from one source or another, the fact remains that we cannot get communication cheaper between this country and India?—Well, I think you could if the Government would undertake the negotiation instead of leaving it to the Indo-European Company.

1706. You know, do you not, that an attempt has been made within the last twelve months to get the consent of both Russia and Germany, and in both cases it has been refused?—I have a feeling that the attempt has not been a very happy attempt, and if the able officials of the India Office undertook it themselves instead of leaving it to the Indo-European Company it would be better.

1707. But you know there have been communications between our own Foreign Office and Germany?—I know that; but all the personal discussions and negotiations with the Directors-General of Telegraphs in Germany and Russia have been undertaken by the Indo-European Company itself.

1708. It has been suggested to us, and I thought it was your view, that it was a great advantage to have these telegraphs in the hands of a company rather than in the hands of the Government, because the companies were more likely to get privileges from another Government than the Government of this country would be?—I think a company is more likely to get the advantage of British management through foreign territory. I do not think the British Government could ever hope to get British management through foreign territory, but a British company can do so. I think, however, that sometimes the British companies require supervision, and that delicate negotiations should be conducted by Government representatives.

1709. I am not disinclined to agree, but it comes to this, that the present rate to India is 4s. a word, and there does not seem to be a power on the part of anybody to reduce it. You seem to regard that with perfect equanimity?—I am sorry if I conveyed that impression, for I do not at all regard that rate with equanimity. I think that it is much too high. Of course, I am speaking for the Post Office, and not giving my personal views.

1710. But after all these years of negotiations and conventions and arrangements we are so tied up that we cannot get a reduction, and you cannot suggest any means of getting it in the near future?—I think if the India Office undertook those negotiations it would succeed.

1711. What weapon would they have to use?—I think a great many arguments would occur to them. One of the arguments that would occur to me would be to suggest to this or that Government that if they did not help, if they did not show any disposition to help us, we might make other arrangements for the traffic, and leave them without the tolls.

1712. I think that is an admirable weapon, if we have power to use it at the present time. If I understand it rightly, both the companies and the Governments say they cannot do that unless we lay an independent line between London and Bombay?—I think in 1904 you would have a weapon in your hands, because I think you could refuse to renew the arrangement for a wire between London and Germany.

1713. Do you suggest that we have to wait until 1904 for a reduction of the rates between London and Bombay?—No; if you will allow me to repeat it, I think that the Director-General of Telegraphs in Russia is a reasonable man, and I think that he would listen to fair, reasonable arguments, and that you would carry him with you. I do not think that you would have to threaten him or bring any weapon before his mind.

1714. Germany has recently raised the question as to whether rates proposed to be charged by a British cable company to or from Germany should be notified to the Union by the International Telegraph Office, even without her consent?—Yes, that is so. But I do not think that is a matter arising out of Regulation 27. Whether that Regulation remains in force or not, it must always be within the province of a State which has a monopoly within its borders of both internal and foreign telegrams, to demand that it shall be consulted in matters of this kind. In such a case it is the natural right of a State to have a voice in the settlement of what are practically its own tariffs.

1715. In other words, because a bit of one of our lines goes through Germany to India, nothing is to be done without the consent of the German Government?—I think that Germany's question had to do rather with the Anglo-American Telegraph Company. The Anglo-American proposed to notify a certain charge from Germany to America, which charge would have to be collected in Germany by the officers of the German Government, and the German Government said, "You have no right to notify that without our consent," and Germany was acting on her natural rights.

1716. Do I understand that the reduction to which Germany objected was on a message originating or terminating in Germany?—That is so; but the other case you suggest would be a serious one. It would be a serious thing that intermediate States should interpose obstacles to our reducing charges; but I am not aware of any case.

1717. But it is a fact at the present time that Germany has objected?—I think she has objected to an alteration; in essence—I do not know the words—but in essence her objection is to this: that the Indo-European Company should seek to alter a rate which she has agreed to pay to the German Government. The Indo-European Company, I understand, has asked the German Government to accept a lower rate than she now receives, and the German Government has refused.

1718. I may read from a despatch dated December 29th from Baron Eckhardtstein on behalf of Count Hatzfeldt: "The question whether anything can be remitted from this tariff, which is universal for Germany's correspondence beyond Europe, in favour of Indian telegrams, can only be considered when an agreement is arrived at in regard to the extension of the concession beyond the year 1904"?—Yes; if you note the phraseology, it is quite clear that the company were asking Germany to take something less than she is now receiving.

1719. Do you regard with equanimity that a country in the position of Germany should by some means or other have acquired, and mean to continue, the right to veto our reduction between this country and India?—She cannot, and she does not. What she does object to is to take something less for her share than she now receives, and the question is, is she reasonable in that?

1720. But because she objects no one can reduce the rates between this country and India?—That is not so, distinctly.

1721. But I am told it is so?—Germany cannot prevent your reducing the rate to India, and even Russia could not prevent it. But in order to carry out your reduction you want also, naturally and properly, to give something less as the share assigned to Russia of the through rate. Now you must go to Russia and agree with her, but in the case of Germany she is already accepting so low a proportion that you cannot, in my opinion, reasonably ask her to take less; and the mistake has been that the company have asked her to take less. The Convention assigns to Germany 20 centimes a word for the transit of an extra-European telegram. As a matter of fact she says she is only receiving 10, and the company go and ask her to take less. The Post Office says that is unreasonable, and Germany, through the action of the company, has had her attention called to this matter, and she now says in that despatch we doubt whether we ought any longer to take less than the 20 centimes assigned to us by the Convention unless you will make another deal in another direction.

1722. Quoting again from that letter of Baron Eckhardtstein, it says: "The attitude of Germany in regard to a matter which chiefly concerns British interests will also, to a certain extent, necessarily depend on the decision of the English Government on the question of the alteration of the Emden-Valentia cable, which is material to Germany"?—Yes; but quite apart from our action in connection with the Valentia cable, I should hold that it was not a reasonable thing for the Indo Company to go to Germany and ask for less than this low rate.

1723. If the Indo Company had been willing to leave Germany an amount which she now gets on each message, the tariff could have been reduced to London and Bombay without getting the consent of Germany at all?—I think so.

1724. Do you say so deliberately?—Yes, with this reservation: that on the expiry of the agreement Germany would no doubt be in a position to say she must have something more than 10 centimes; and then I should say it would be a question whether the Indo Company should not pay that something more out of their own pocket.

1725. (*Lord Hardwicke.*) Have you seen the terms of the Concession that was granted by Germany to the Indo-European Company?—I have read it.

1726. Do you state that irrespective of the transit Germany has not the power to veto the reduction of the rate to India under the terms of that Concession?—That is my opinion.

1727. But you are not absolutely certain, because I am advised that quite independent of the transit Germany has the right to refuse to allow the rate to be reduced?—I think she would have the right as regards her own tariff from Germany to India, but my view, I say it subject to correction, is that she has not the right in regard to British Indian traffic.

1728. You mention 10 centimes as being the transit charge?—Yes.

1729. How do you know that?—The German Government themselves say so in one of their despatches to the Foreign Office.

1730. Because it is a question that affects the Indo-European Department and the Eastern Telegraph Company as partners in the Joint-Purse?—If you will allow me I can give the history of it.

1731. I say under the Agreement of the Joint-Purse the amount that Germany receives is 17½ centimes, and if it is the fact that the Indo-European are only paying 10 centimes to Germany, they are apparently deceiving the Joint-Purse and putting the difference into their own pocket?—My authority is a despatch of the German Government addressed to the Foreign Office. They say it works out at 10 centimes—I know that it is in one of the despatches.

1732. (*Chairman.*) Whose interest is it now to maintain the Joint-Purse arrangement?—Of course it is the interest of the two companies—

1733. Just name them?—The Indo-European Company and the Eastern Company, and under present conditions and arrangements I conceive that it is the interest of the Indo-European Telegraph Department of the India Office to maintain it, but on that point

1734. When you say under present arrangements, do you mean under the disturbed condition of the countries under which the land lines go?—Yes, I believe that the Indo-European Department could not get traffic to fill its cables unless it had some such arrangement.

1735. Would you not agree with us that if the whole land lines were through settled countries, and their maintenance could be secured and really kept, that they would be able to run the cable companies unfairly by reducing rates?—I think that would entirely alter the state of affairs.

1736. In that case it would be to the interest of the cable companies to maintain the agreement?—Yes.

1737. More than the land lines?—I think so.

1738. Can you suggest any standard test to enable us to judge between what length of cable and what length of land line could compete on equal terms; I mean how much more expensive would it be to make, maintain, and work a cable than a land line?—Well, the Post Office has made some estimates; we give them with diffidence, because we are not ourselves concerned in long distance and deep sea communications, but we have made some estimates, and we find that

a cable to carry about 25 words or 200 letters a minute "simplex" working, and including the cost of laying, would cost from a million to £1,100,000. In that estimate we assume that in the long section between Aden and Bombay, we should have to lay a cable with a large core, say 500lbs. of copper to the nautical mile, and 299lbs. of gutta-percha; for the other sections the core would have 220lbs. of copper to the nautical mile and 180lbs. of gutta-percha. As compared with that I can give an estimate for a land line. It is a rough estimate, because we have not made a survey of the route; we do not know all the difficulties that there will be to encounter; but it is the best we can give. One wire with new poles for the entire distance to Karachi, including a new cable between England and France, would cost about £682,000. If you assume that for half the distance you would find existing poles on which you could put the wire, it could be done for a cost of £435,000; and the maintenance would be between £16,000 and £17,000 a year. That in each case is for one wire. I cannot, I am sorry to say, give the cost of working. I cannot tell how many intermediate points there would have to be; I am speaking now not from the point of view of the requirements of the intermediate States. Probably the cost of working would be pretty much the same whether it was a cable or a land wire.

1739. Supposing that it were to be decided that it was imperative in the interests of this country to have a cheaper communication to India, and supposing we were to resolve to lay a new cable from Great Britain to India, should we under present conditions be free to fix any rate we liked?—No, I do not think so.

1740. What would stop us?—I think then the conditions of the Convention would come in, and you would have to agree with other States—with the other members of the Union.

1741. Would your answer also apply, supposing an independent company were got up to do it?—I think so.

1742. Do you look with equanimity upon that state of affairs?—I do not think there is any real danger or injury to this country; I think the difficulties could be got over.

1743. You say danger. Do you think that the commercial community would be expected to view that state of matters with equanimity?—I think they must expect this country to procure a reduction of rates, and I think that it is still within the power of the Government to procure that reduction.

1744. Assuming that it is not, and that they cannot get the reduction, do you think that it is satisfactory to think that the great weapon of competition, which I frankly say I attach a great deal of importance to, has been abandoned, and is not now in our hands?—No, I think in the long run that it would be to the advantage of this country that there should be this restraint.

1745. How long a run would you give it?—I am afraid I am not prepared to answer that.

1746. I think you said a moment ago that Regulation 27 did not originate in a desire to protect cable routes from undue competition?—That is so.

1747. It was originally really designed for the protection of State administrations?—That is so. Of course, as a matter of fact it now does protect cables, but it was not originally designed to do so.

1748. But ingenious people have found in it a very good weapon for protecting themselves in a way that was not intended?—Well, the cable companies are glad of any protection they can get, and my own view is that the Imperial interests of this country have on several occasions been safeguarded by this very restraint. For instance, it has by this restraint secured that Russia shall not compete with our cable communications to the Far East by the land lines through Siberia. If Russia had disregarded this principle she might have introduced extremely low rates to the Far East, and practically made it impossible for the cable routes, which are necessary, or supposed to be necessary, for the maintenance of our Imperial interests, to be maintained unless the British Government largely subsidised them.

1749. Now, apart from that I ask you tell us of the arrangement between the Post Office and the Indo-European Telegraph Company with regard to that part of their system which extends from London to Emden?—The arrangement is as follows: First of all, the Post

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Office leases to the Company, at an annual charge of £5 per mile of wire, two wires from London to Lowestoft. In the second place, the Post Office, in conjunction with the German Telegraph Administration, leases to the Company two wires in the Anglo-German cables in the North Sea, at a rental of £7,000 a year, and this rental is divided equally between the British Post Office and the German Telegraph Administration. This arrangement runs concurrently with the Company's concession from the German Government, which expires at the end of 1904.

1750. Now this charge of £5 per mile is your regular charge for all companies for land lines?—That is so.

1751. Have you any objection to tell us whether the Post Office get a profit, or have you calculated what the cost would be one year with another?—We make a profit.

1752. Is it much? I put the thing to you for this reason, that it is a matter for complaint made by the Telegraph Companies that you make the charge too high, and I give you the opportunity of controverting it?—The charge gives us a substantial profit, but, as compared with the transit rates assigned to this country under the Convention, it gives us very much less than we should get from them.

1753. The company said that this charge—it was one of the American companies—was unduly high, and penalised them unduly with regard to their whole return that they got from the messages which they carried between London and New York?—We did not admit that, and the question was about to be carried to arbitration.

1754. Is there anything in the Convention which would prevent our refusing to renew the Emden and Lowestoft wire in 1904?—I think not.

1755. Is the arrangement between the Post Office and the company a concession within the meaning of the Joint-Purse Agreement of 1878?—Well, the Post Office finds it a little difficult to express an opinion. The agreement of 1878 was never brought before the Post Office officially, but I can mention certain facts which may throw some light upon the question.

1756. (Lord Hardwicke.) You have never seen the Joint-Purse Agreement?—Not officially. The company's original arrangement for a wire between London and Emden was with Reuter's Telegram Company, who then owned the Anglo-German Cable; and was for a period of ten years (mark this period), from the opening of the Indo line, which took place in 1870. The company's concessions from Germany, Russia, and Persia were secured for a period of 25 years. Thus the company apparently did not regard the arrangement with Reuter's, which was only for ten years, as vital to their undertaking. This is confirmed by the attitude of the company in 1874. Reuter's cable had been acquired by the Postmaster-General, and in 1874 the company urged that the rental for the leased wire should be reduced. A reduction was agreed to, subject to the stipulation that the arrangement, which would have expired in 1880, should be extended to 1884; but the company strongly objected to this extension, although eventually they accepted it as part of the bargain under which they secured a reduction of rental. The reason for this attitude was no doubt that the company had obtained from Germany landing rights for one or more Anglo-German cables under their German concession, and they anticipated no difficulty in obtaining corresponding landing rights in this country, such rights being at that time easy to obtain. They counted on being able to lay a cable themselves if necessary between Germany and England, and to obtain a connection with the British telegraph system under the Telegraph Act of 1869. When the company's arrangement with the Postmaster-General expired in 1884, they endeavoured, as a matter of fact, to follow this course, and sought landing rights here for the laying of a four-wire cable on their own account; but the policy of the British Government respecting cables between this country and the Continent was then under very careful consideration, and the Board of Trade refused the requisite permission. Having thus failed, the company made the arrangement for the lease of the two wires in the Anglo-German Government cables, and made it for the period of the German concession, that is to the end of 1904. As the difficulty in obtaining landing rights in England for a cable of their own was not anticipated by the company, and they did not become alive to it until 1884, it seems probable that at the date of the Joint-Purse Agreement in 1878 the company did not regard an arrangement with the British Government as necessary to enable them to fulfil

their obligations to their partners, but considered that their concession from Germany gave them a secure position.

1757. (Chairman.) Whatever bearing that history may have upon the question, do you or do you not think that on the expiry of the arrangement for the lease of the two wires in 1904, it may not be open for this country to refuse the company the use of the wires?—I think it would be open to this country to do so, and if so the question would arise whether the concession from Germany could possibly be renewed in its present form, because the concession contemplates all through the maintenance of direct communication between this country and Teheran.

1758. (Lord Hardwicke.) What concession?—The concession from Germany to the Indo Company. Therefore the suggestion here is that, if by terminating the arrangement with the company between London and Germany, you prevent direct communication between London and Teheran, then the German concession cannot be renewed, because it is a concession for direct communication. That is the suggestion.

1759. (Chairman.) It has been suggested to us that India, if it chose, could declare itself European in the sense of the Convention. What is your opinion on that suggestion?—The Post Office doubts very much whether India could declare herself European under the present Regulations. Perhaps you will allow me to call attention to paragraph 6 of Regulation 22, the English translation of which is as follows: "A telegram is subject to the regulations of the extra-European régime when to arrive at its destination, it transits at any time through a country under the extra-European régime, or when it originates or terminates in a country belonging to that régime." Now, a message from Europe could not arrive in India without going through a country under the extra-European régime. Thus: By the Indo-European route it must pass through Persia, which is a country under the extra-European régime; by the Eastern Company's route, it must pass through Egypt, which is also a country under the extra-European régime. By the Turkish route it would not actually traverse Persian territory, but it would go by a line which touches Persia at several points, and which might be held on that account to be practically a line through a country under the extra-European régime. In view of the attitude which this country has hitherto adopted I doubt whether, apart from this aspect of the case, we could advise that India could declare herself as being within the European régime.

1760. As a matter of policy you have always objected to the inclusion in the European régime of individual extra-European countries, on the ground that it is a partial and irregular measure?—Yes; this country has continually objected. But for the next Telegraph Conference this country has made a formal proposal to reduce the terminal and transit rates of European States for extra-European telegrams to the rates charged for European telegrams. This proposal is a very important one; and I am inclined to think that any independent movement on the part of India to compel the European States to treat her as being in the European régime might prejudice it. Perhaps, I ought to add that, so far as her relations with other States are concerned, it is within the power of India at any time to declare terminal rates as low as those enforced in the European régime or even lower.

1761. That would be a reduction entirely at their own expense, and without any reduction of the terminal rate at the other end?—That is so.

1762. And that would take away a weapon and an argument from the hands of India as a lever for getting reduced rates?—Yes, it would.

1763. Do you think at the present moment that if India made any declaration on the subject it would benefit the public?—I do not think that any substantial benefit to the public would result, that is under present conditions, and without agreement with the administrations concerned.

1764. In other words, it would put a little money into the pockets of the public in the extra-European administrations?—That is so.

1765. The total charge would remain undisturbed?—It would remain undisturbed except for the small reduction which India could make in her own terminal rate.

1766. As a question of policy, a question of different rates for different classes of telegrams there are, as you know, two proposals, one is to have an express rate

at a higher charge, and the other to have a deferred rate at a lower charge. Do you condemn both proposals?—The Post Office does. It has always done so.

1767. I have heard arguments on both sides, and I should like to hear the arguments on which you rely?—To take the case of deferred rates first. Deferred rates are not sanctioned by the Convention.

1768. You would not be surprised that I do not think that a conclusive answer. I should like to have a reason apart from the arrangement?—I only stated that as an initial objection.

1769. But you put it first?—The Post Office has consistently rejected all propositions for the introduction into this country of differential rates which it regards as opposed to the spirit of the Telegraph Acts.

1770. Does the Telegraph Act exist for us, or we for the Telegraph Act? It may be inconsistent with the spirit of the Act, but quite apart from the technical objection, on the merits of the case, if you had cheap rates for deferred telegrams would not that be for the benefit of the public?—Well, the view of the Post Office is that such an arrangement is really opposed to the interests of the public.

1771. But why?—In the case of India we think it is very unlikely that we should now be on the verge of securing such a reduction for all telegrams if there was a deferred rate.

1772. Are you on the verge of securing a reduction?—I feel confident that we are. Then the Post Office feels that from the public point of view, all classes of the community ought to be placed in the same position, so that, in any movement for reduction of rates or for reform, the influence of the whole community should be felt. It feels that no class interest should find room in this matter, and that the powerful mercantile houses, who are carrying on transactions in which the cost of a from the general public, and be tempted to stand aloof from movements in favour of reforms, which might be to the advantage of the small trader and the private individual. The Post Office thinks that in the long run the general community benefits greatly from the fact that, under the present system, its interests are bound up with the interests of the most powerful members of the mercantile community, and that all are treated on a footing of perfect equality.

1773. Supposing the general public takes a different view, would not the practical test be to give them the opportunity of trying?—I am afraid my views may be regarded by you as heterodox, but my views, and the views of the Post Office, are that it is very often better for the public that those who are expert in the consideration of these questions should be allowed to recommend the arrangements which appear to be best for the public.

1774. I shall not follow you into that tempting field, but I ask this question: Supposing I as a humble member of the public do not like to pay 4s. a word to telegraph to a relation in India. I am not engaged in mercantile transactions which must be concluded by this time to-morrow, but I should like to hear by this day week how my friend is, and whether anything can be done for him instead of having to wait six weeks for an answer. Do you think that an immoral desire on my part?—Not at all.

1775. Why should not I be encouraged—what harm would it do to anybody?—Because if the rate charged for the merchant is just, you are seeking to get a service performed at a rate which is not remunerative.

1776. But I am willing to wait a week. I am willing to let the merchant pass my message once or twice—I am willing to take the slack time?—I do not think that that proportionately reduces the cost of the service—the cost to the administration or company which performs the service.

1777. Do you not think it possible that there is a good deal of this class of business which is not done at all, and which might be done, and might fill up the wires at times when they are not otherwise occupied, and so bring a profit to the company transacting the business?—I do not think they would bring profit. Of course, I start with the assumption that the general rate is not too high. At present we have a rate that is too high, but if we look at a rate which is not too high, then I do not think there could be a profit. For example, if the rate to India were reduced to 2s., which is within the bounds of possibility within a reasonable time, I do not think that messages could be profitably carried for 1s.

1778. What is the cost of an individual message, can you tell us?—No, I cannot. I have no calculations at hand. I think I ought to ask whether there was not at the foundation of these suggestions, an idea that the cables were lying idle, and that they would remain idle.

1779. During some of the hours of the day of the twenty-four hours; that is so, is it not?—I think if you had a cable between this country and India which was exclusively devoted to Indian traffic, it would be idle during certain hours, but the present cables are used for South African and Mediterranean and China traffic, and I doubt very much whether they have idle times, that is with reference to the business hours of the day.

1780. Do you know, as a fact, that there are no idle times?—I believe there are no idle times, but I think I ought to add an explanation. The present company, the Eastern Telegraph Company, have several cables, and they have provided some of those cables as a reserve and an assurance against interruption. The company would not tell you that the present cables were actually filled throughout the twenty-four hours, because they say the British merchant requires that his message shall go with reasonable security and regularity; therefore, they would say that in the interests of the British merchant they are providing more lines of communication than are absolutely necessary, and they do that for the security and regularity of the service.

1781. We may agree with all that, but supposing there are reserve cables; while there is a reserve, should this cheaper message not be tried, always assuming that they are the first thing to go off, and the express messages are to take precedence?—I think you would be absorbing your reserve.

1782. By getting rid of the cheaper class of telegrams the moment the reserve is absorbed, what harm could be done?—Do I understand that in the event of interruption you would actually stop these cheaper telegrams?

1783. I should certainly give the preference to those which paid the full rate?—I am afraid the Post Office view is that there is not sufficient reason for introducing them.

1784. Have you anything further to say on differentiating classes of telegrams?—The other kind of telegram that might be introduced is the "urgent" telegram, and there again we say that it is opposed to the principle of the Telegraph Acts—that all messages should be sent without favour or precedence. Then in the second place the Post Office contends that every telegram is an urgent communication, and should be dealt with as expeditiously as possible without the public being called upon to pay three times the cost of sending it, three times the cost being the price charged throughout the Telegraph Union for urgent telegrams.

1785. That is the assumption, but is that assumption necessarily to be accepted as a law of the Medes and Persians—is it not possible to conceive that there is a contrary view?—I think experience throws some light upon that question, and we find that in every country where urgent messages are introduced, and where people are required to pay a triple charge, they become, in fact, ordinary messages, and while you have a service which is described as a service of urgent and ordinary, you have, in fact, a service of ordinary and deferred. It is well known that in Continental States, where the system is in force, the transmission of so-called "urgent" telegrams is certainly not more expeditious than that of ordinary telegrams in this country.

1786. I will just say this: would there be anything really in principle different from what you do yourself with our letters? You reserve the right quite properly to delay postcards and book packets and parcel post if there is a pressure of fully-paid letters, and you exercise it. What is the difference in principle between two classes of telegrams and two classes of postal communication?—Our answer is that we think the public, and we certainly ourselves do, regard a telegram as an urgent communication, and that when a man hands in a telegram he means it to go quickly, and expects it to go quickly.

1787. Why not give him the right of saying, "I do not regard it as so urgent; if you give me a cheaper rate I will allow other people to have precedence." What is there wrong in that?—Then our answer is that to give him any really substantial reduction can only be done at a loss.

1788. (Mr. Hanbury.) But you distinctly told us that you did not know what the cost was. Assuming the cables to be idle for six hours in the day, unless you

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can tell us exactly the cost of the message, it is impossible to say that that message is to be carried at a loss! —I think that the cost of every message can only be the total cost of all the messages divided by the total number.

1789. Oh, no. Supposing you had not this system of deferred telegrams, and, therefore, your cables would be unoccupied six hours of the day, surely it is to the advantage of the owner to have them occupied for those remaining six hours, and, therefore, he could make a profit out of reducing his tariff so low that it would just cover the actual cost of sending the message, and I want to know what the cost of sending the message is?—I do not see how you can get at any other cost than that. You are able to send your messages, whether urgent or deferred, or ordinary, because you have a great system at your disposal, and that great system costs a certain sum of money to lay down, maintain, and work, and the deferred message gets the benefit of all that machinery quite as much as the other message; is using up part of that machinery, and it is costing what the other messages are costing.

1790. The other messages have great advantages which the deferred message has not. Where is the loss in sending a message at a tariff which is greater than the cost of sending it when you have your cables unoccupied, say for six hours in the day?—You will pardon me if I say that I am not sure that they are unoccupied.

1791. (*Chairman.*) But you go further, and you say there is no demand on the part of the public for this?—As regards this country, there is not.

1792. How do you know?—Well, we have never been asked for deferred messages in this country.

1793. (*Lord Hardwicke.*) You are aware that the Constantinople-Fao line is cheaper than the other routes to India?—Yes.

1794. And that people go to the telegraph office and say, "Please send this by the Constantinople line; I do not mind when it arrives; I want it to go to India, and it is cheaper"?—I am aware of that, and very few are doing it.

1795. I am told that comparatively a considerable number do it, though very few know of this route, but those who know do it?—That may be so.

1796. (*Lord Onslow.*) If you hand a message in to go by the Constantinople line, the clerk always tells you that there is no advantage, and he discourages your sending it by that line. Have they got instructions to do that?—No.

1797. Do you know it as a fact?—It may be done on the individual clerk's responsibility.

1798. (*Chairman.*) I think you have something to say about the proposal which has been made for landing cables in this country by Germany?—In 1894 the German Government granted a concession to a German firm, Messrs. Felten and Guillaume, for the construction of a cable from Germany to America, touching at Porthcurno (the landing-place of the Eastern Telegraph Company in Cornwall) and the Azores, under a guarantee of £70,000 a year. The proposal to land a cable in this country was opposed chiefly on the ground that the scheme, if carried out, would tend to the establishment of a telegraphic centre in the Azores in opposition to this country, from which it would divert a large amount of traffic between North America on the one hand and Europe, South America, Africa, and the East on the other. There was already, I ought to remark, a cable between the Azores and Lisbon, which, it was obvious, would form a link in the communication between North America and other parts of the world. There were lengthy negotiations, during which efforts were made to meet the wishes of Germany in other ways, and at the same time to protect British interests; but they failed, because Germany proposed terms which the British Atlantic companies could not accept, and the proposal fell through.

1799. That was a new departure in policy, was it not, for we had hitherto given landing rights almost whenever they were asked?—That is so in a sense, but we had never before had presented to us a proposal which would have created another centre of communication in opposition to this country.

1800. Well, what happened?—On this refusal the Germans then looked in other directions. They wished to get into direct communication with the system of the Eastern Company as well as to have a cable to America and eventually they arranged with a new German Cable Company, of which Sir John Pender was the Chairman,

to lay a cable from Emden to Vigo, in Spain, where they got into touch with the Eastern Company's system. They also thought that through Vigo they might get into communication with Lisbon, and with the existing Lisbon-Azores cable, intending then to lay a cable from the Azores to America, and thus make the communication between Germany and America complete, by way of Spain, Portugal, and the Azores; but owing, I believe, to objections raised by Portugal as to Vigo becoming a centre of telegraphic communication for America, the Emden-Vigo cable was used solely for communication with the Eastern Company and its allies.

1801. Now you used the expression in the answer before the last that your policy had been dictated for the purpose of protecting British interests; do you mean British State interests or British cable interests?—Primarily they were the general interests of the nation.

1802. Surely a consideration of the general interests of the nation would lead to having as many cables landing in Great Britain, and passing across the territory of Great Britain, as possible?—The theory held by the Post Office was that it was a great advantage to the trade of this country that Great Britain should remain the centre of cable communication.

1803. Would it not have remained more a centre of cable communication if the cable had been landed in Great Britain than if it had been sent elsewhere?—That proposition would hold true generally, but in this case it would not, because by the establishment of a centre at the Azores an immense number of telegrams from North America for South America, Africa, and the Far East, which now come through Great Britain, would, under this proposal, go through the Azores, and this country, therefore, would be deprived of the advantage which it derives from being a centre of telegraphic communication. The fact that it is a centre encourages the laying of additional cables, but when you create a new centre at the Azores you withdraw part of the reason for laying cables to this country.

1804. But has your policy resulted in making this country the centre of telegraphic communication?—If the views of the Post Office and the Foreign Office had been permanently maintained by all the Departments of the State, I think the policy would have been successful. But the views of the Post Office and the Foreign Office have not been maintained.

1805. Why not?—For, I believe, high political reasons, which the Post Office must simply respect.

1806. But, as a fact, the cable has been made, and made by a line which is not in physical connection with the British Islands at all?—The view of the Post Office is that the cable would never have been laid if the policy of refusing landing rights at Porthcurno and in Canada for the German cable to America, and the policy of refusing landing rights at Waterville for a cable from the Azores, had been maintained. That is the view of the Post Office.

1807. (*Lord Onslow.*) I cannot understand that, I confess?—In other words, the Germans would have been driven to make some new arrangement with British Cable companies, and would still have sent their messages by way of this country and British cables.

1808. (*Chairman.*) Are you sure that you are not mixing up in your own mind the interest of British cable interests as opposed to British interests in a wider sense of the term?—I think that the interests of the British cable companies are very important, and they do, as a matter of fact, present one of the reasons for the views that were entertained by the Post Office and the Foreign Office. But I am at present entirely considering the interests of this country as a whole.

1809. But you will excuse me, in your answer you said the negotiations failed because Germany proposed terms which the British Atlantic companies could not accept, and the proposal fell through; in other words if I understand it aright the Atlantic Cable companies were in the position and were allowed to be placed in the position of vetoing the terms whether they were for British interests or not?—I do not think that that is so; as a matter of fact neither the Foreign Office nor the Post Office consulted the British companies. The Foreign Office and the Post Office arrived at their view entirely with reference to the general interests of this country; but they also felt, as quite a separate reason that it would not be fair for this country to facilitate a subsidised competition with British companies—a competition subsidised by a foreign government. They felt that this country itself could not enter into a sub-

subsidised competition—the Government of this country could not enter into a subsidised competition with this British enterprise—and still less could the Government of this country facilitate competition that was subsidised and supported by a foreign government.

1810. Was it the subsidy from a foreign government, proposed or actual, which was uppermost in your mind?—The reason which was uppermost in our minds was the reason which I have described in the first place—that is that it was undesirable to facilitate the establishment of a centre of communication with the Azores in opposition to the centre of communication in this country.

1811. But that centre of communication has been established?—We feel that it has been established because our views have not been maintained.

1812. Well, I do not know that, but I will not argue the matter. Anyhow, the German promoters went in other directions, and as I understand they wanted direct communication with the system of the Eastern Company as well as a cable to America. Perhaps you will tell me in your own words what they did?—May I point out that the Portuguese took exactly the same view that we did; they were very glad to see cables laid to Lisbon and the Azores, but they declined to be a party to the connection of Vigo with Liebon in order that communication might be had with America, because they saw that, if they did, Vigo would become a centre of telegraphic communication with America.

1813. Will you tell us exactly what did happen?—Well the German Government then entered into communication with the Commercial Cable Company, an American company; and with the support of that company a cable was laid direct from Emden to the Azores, and thence to New York. As part of the arrangement the Commercial Company themselves laid a cable from Canso, in Nova Scotia to the Azores, and they have been seeking the permission of this country to lay a cable from the Azores to Waterville, in the west of Ireland, the intention being to thus provide an alternative route for German telegrams independently of the cables of the companies forming the "Pool." The Interdepartmental Committee on Cable Landing Rights, appointed by the Board of Trade, have the matter at present under consideration.

1814. Might I say that the Germans are anxious to evade the "Pool" in American transit in the same way as I am anxious to get cheaper rates from Great Britain to India?—I do not think so. They expressed themselves willing in the first instance to go into an agreement with the "Pool," and as a matter of fact they first approached the "Pool," and then the Commercial Cable Company.

1815. In connection with that scheme for cable communication with North America I understand that the German Government have sought the permission of this country for a combination designed to favour the Commercial Cable Company of America, and to effect a severance of the connection with the Anglo-American Telegraph Company, a British cable company, which had, for many years carried practically the whole of the German-American traffic?—Yes, that is so. The old arrangement was as follows:—The Atlantic cables of the Anglo-American Telegraph Company land at Valentia in Ireland, and in 1862 a cable was laid from Emden (in Germany) to Valentia, where it was worked by the Anglo-American Company. By this means Germany got communication with America through a German cable between Emden and Valentia and by means of British cables across the Atlantic. The combination was thus between German enterprise and British enterprise. What Germany now desires is to transfer the landing place of the Emden-Valentia cable to Waterville, where the Atlantic cables of the Commercial Cable Company land. If this demand be acceded to the combination will be between German enterprise and American enterprise.

1816. Has anything been done on that statement?—Well, the Foreign Office, acting on the advice of the Interdepartmental Committee appointed by the Board of Trade, to which I have referred, have taken the view that if this country is to afford such a special facility for a connection between Germany and the cables of an American company it must insist upon corresponding facilities being afforded in Germany in connection with the Atlantic cables of the British companies. Accordingly it has proposed, as a condition of any permission for the transfer of the Emden-

Valentia cable to Waterville, that there shall be provided a direct wire between Emden and Valentia, and has made an offer on behalf of this country to join in the provision of this wire.

1817. What is the object of that?—To secure equal treatment between American and British enterprise—to secure that if an American company is allowed to receive on British territory, messages from Germany, a British company shall be allowed to receive such messages under equal conditions.

1818. What is the precise line of demarcation? What do you call an American company and a British company?—The American company is a company constituted under American law, and is to all intents and purposes a foreign company. The British company is a company constituted according to the laws of this country, and is in all senses a British company.

1819. Where are the shares held?—That I do not know. The view of the Post Office is that that does not affect the question.

1820. But surely the majority of the shareholders govern the policy of the company, whether it is an American or a British company?—The fact would still remain that the company would be governed by the laws of its own country, and would in every sense be a foreign company. It is quite conceivable that the shares of a Brazilian railway company might be largely held here, but the railway company would remain a Brazilian railway company, and at the same time it would remain under the laws of Brazil. I imagine that the actual holding of the shares changes from time to time in the open market, and at one time there might conceivably be more British and at another time more foreign shareholders. But the actual foreign character of the company would remain.

1821. Are you in favour of absolute freedom for landing rights in this country?—The Post Office has always been in favour of such freedom as you describe, except in cases where there are arrangements with the governments of neighbouring countries, or other arrangements, which would be contrary to the interests of this country. Of course I am speaking now quite apart from the cables which join this country to the four neighbouring States. There we have held that the cables should be entirely in the hands of the State administrations.

1822. I do not follow that?—We have held that the cables joining this country with France, Belgium, Holland, and Germany are merely frontier telegraphs, and that as the relations are direct and simple and can be maintained without any question of competition, they are properly controlled and managed and owned by the State administrations themselves. We held that the mere fact of the existence of the narrow sea between our country and those neighbouring countries ought not to make any difference, and that our relations with those countries ought to be practically the same as those of countries whose frontiers touch.

1823. (Lord Onslow.) Would that exclude Spain and Scandinavia?—I do not exclude them. Perhaps we have a lingering hope that some day we may include them.

1824. (Chairman.) There is a difference in principle between giving landing rights upon the shore and giving transit rights; but I do not quite understand the difference in giving landing rights to a company whether it is British owned or owned in a foreign country?—No. I am afraid I have rather clouded my answer by referring too much to neighbouring States. If you would kindly dismiss those cases altogether from consideration and treat them merely as frontier telegraphs, and then allow me to give an answer quite apart from our relations with those neighbouring States I should like to do so.

1825. If you please?—Well then the Post Office holds that there ought to be as much freedom as possible, and that as many cables as possible ought to be encouraged.

1826. I agree?—Our view is this: If a British company for example is to be allowed to lay a cable from this country to America it would be difficult to adopt the attitude of refusing permission for an American company to lay a cable from America to Great Britain. Such a refusal might lead to a deadlock which would injure not only the British cable company, but also the British cable makers and British trade generally. Until quite recently I do not think it has ever occurred

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to a British cable company to object to this policy. British companies are much more often in the position of having to seek permission to land on foreign territory than foreign companies are in the position of requiring landing rights on British territory. Indeed there is no comparison between the value of the rights obtained by British companies on foreign territory and those obtained by foreign companies on British territory. But while the opinion of the British Post Office has been that the Government should encourage the landing of cables on the shores of this country it has felt that there might at any time be exceptions to the rule, and that there might be projects so unfair to British cable enterprise or so injurious to the position of this country as the centre of telegraphic communication that the Government might reasonably refuse landing rights.

1827. If you would subsidise landing rights at the end, and you have an interest in refusing rights of transmission through the territory of the country, I could understand you, but I do not understand why you should under any circumstances refuse landing rights?—It was supposed to be necessary to German enterprise that there should be a landing place at Porthornro and that landing place—as some people have described it—a telegraph pole to enable the Germans to carry out an enterprise which was adverse to the interests of this country because it had in view this centre of communication in the Azores. Now the question that was presented to the Foreign Office and the Post Office was: Are you to facilitate an enterprise which will be detrimental to British interests? And the view of the Post Office and the Foreign Office was: No, we ought not to facilitate it—we cannot prevent it if they carry it out without our help; but if they ask us to help them to injure this country, then the Post Office and the Foreign Office will not do so.

1828. But is not it better that they should pass through this country than avoid you altogether?—Generally speaking, that proposition is accepted by the Post Office, but in this case the establishment of this centre in the Azores was so injurious to this country that it overruled the general principle which you have described.

1829. But the centre is there. If you could have kept them away from the Azores—I understand that view—I do not say that I sympathise with it; but the result has been that they have gone to the Azores and not through this country. I suggest to you that it would have been better under any circumstances to have come through this country than to have gone to the Azores?—On that view the Post Office holds that they might have been prevented going to the Azores.

1830. How?—By the refusal of landing rights in Nova Scotia, and by the permanent and steady refusal of landing rights from the Azores to Waterville. But the Post Office has no criticism to offer on the high political reasons which may have overruled all those considerations.

1831. Why should the landing rights from the Azores to Waterville have been refused?—Because they were necessary to complete the German scheme. The Germans could never have rested content with their one line of communication from Emden, *via* the Azores, to America. Whenever that was broken down, they would be thrown into the hands of their enemies, therefore they must come to terms with some company which would give them an alternative route, and they could only come to terms with the Commercial Company, because it felt confident that it could get landing rights in Nova Scotia from the Azores, and that it could get landing rights from the Azores to Waterville. When that is once assumed you have a perfect German scheme with alternative routes and security for German traffic, and we say that might have been prevented by refusing to allow a cable in Nova Scotia from the Azores, and a cable from the Azores to Waterville.

1832. Does not it occur to you that geographically the Azores was at such a premium that they were bound to go there sooner or later?—No, I think that between this country and America, the already existing routes which had been adopted by so many companies, were proper routes and satisfactory routes.

1833. There is one matter which perhaps I ought to bring to your notice. Sir Edward Sassoon, in reply to a question, and discussing the object of the interruption of the Amoy-Shanghai cable which occurred in January, said that "All telegrams from London for Shanghai"—*via* Singapore—"must needs pass over the

Russian land lines which cross Siberia, and which themselves are not infrequently interrupted. In this particular instance the inconvenience, apart from the actual cost, is most strongly brought home to the Hong Kong merchant, who has now to telegraph to Shanghai *via* Singapore, across India and Persia, or *via* Egypt and France, and so through Germany and Russia, and back across Siberia to Vladivostock, finally reaching Shanghai by the Danish owned cable, which is called the Great Northern Company's cable." Have you any comment to make upon that?—Well, I think the case he supposes is rather unlikely, because it assumes that both the lines of cable on the coast of China are broken down at the same time. As a matter of fact, in the last five years the two lines of cable have been simultaneously interrupted only three times. In 1897 they were interrupted for 14 days; in 1900 they were interrupted for three days; and in January last they were interrupted for seven days. That is a total of 24 days for the five years.

1834. Sir Edward Sassoon committed himself to the opinion that if you were to consider the policy, as he called it, of expropriating the efficient cables of the Eastern Telegraph Company, it would not cost more than three or four millions. Pressed at that time for the data on which the estimate was made—whether or not it has been supplied I do not know—but I am right in supposing that the present market value of the shares of the British cable companies is now 25½ millions?—That is so. As to the Eastern Company and its associated companies, if you take them alone, the market value would be about 16 millions.

1835. There are others?—The market value of the North American companies would be about £4,400,000 (I am giving you round figures); the South American companies, £3,900,000; the Central American and West Indian companies, £900,000; and the various European companies about £139,000; the total being more than £25,000,000.

1836. (Lord Onslow.) Have you at all estimated how much to take off for the reserve funds in the hands of the companies?—No, I have not.

1837. It would be a considerable sum, would it not?—I have simply taken the market value, which I suppose is there because these reserve funds are in existence.

1838. But the reserve funds would accrue to the purchaser?—Yes. I could get that, of course, if it were desired.

1839. (Chairman.) Are you aware that the Treasury have sent to this Committee copies of a correspondence on the subject of an offer by the Eastern Telegraph Company to enter into a negotiation with the Government for a general reduction of all telegraph rates served by the lines of that company and its allies?—Yes, I was aware of that.

1840. And they want the observations of the Committee upon that offer. Would it be consistent with your duty to place your views with regard to the offer before us; whether it affords a line of policy which ought to be pursued or not?—The Post Office has expressed the view that it does afford a basis for consideration, and that the Treasury would be justified in inviting the companies to formulate their proposals in detail.

1841. Of course, you will admit at once that everything depends upon the accurate and fair fixing of the initial figure from which a sliding scale of profits is to be calculated?—Yes, certainly.

1842. Is it fair to ask you whether you can speak of these considerations just now?—No, I am afraid I am not prepared to do so, because we have not yet received in detail the proposals of the companies. We have only a general statement of their propositions. I think I ought to add that the Post Office would feel that there ought to be a consideration for the position which the companies have reached through a long course of years, and the services they render. The Post Office would not take the view that you could regard the whole question as a clear board. We think you ought to take into account the fact that the companies entered into a speculative business and provided a system which was useful to this country at a time when there were great risks, and that they have spent money which a newcomer would not spend because he would arrive on the scene with the benefit of the accumulated experience of others.

1843. Would you agree that, under the arrangement proposed, any increase of traffic must after the initial reduction, precede a reduction in rate?—Yes.

Post Office thinks that would be a reasonable proposal.

1844. Is that reasonable? Has a reduction of rates not often been followed by an increase in traffic, so that although there was not a larger return upon each message there was a larger gross and net return to the undertakers? Does not that point to a possible defect in the policy?—I think I now apprehend better what you meant. I am sorry I did not quite understand it at first. We certainly agree in the view that you have expressed, that there ought to be an initial reduction without waiting for increase of traffic; but afterwards the further reductions by sliding scale should come about on a certain agreed increase of traffic.

1845. Would not it really come to this: That you would have to be treated with extreme confidence as to the rates of interest which are to be earned, and the period of decay of a cable. Have you got data, in other words, which would enable you safely to go into such a negotiation?—No, we think that these data are things which the Government may expect the companies to place at their disposal when they go into details.

1846. Would you care to express an opinion as to the rate of interest which should be allowed?—No, I should not, except thus far; that the property is still a property subject to risks, and that therefore a fairly liberal rate of interest ought to be allowed.

1847. But now that we have gained what you referred to as the accumulated experience, if a company under such an arrangement as this, or a new company, proposed to lay a new cable and entered into this sort of arrangement from the very beginning, what rate of interest would you suggest as sufficient?—I think if you enter into such an arrangement with the Eastern Company you practically exclude a new company in competition.

1848. I am taking it, supposing we disregard the Eastern Company, supposing we wanted a new cable laid from point to point, not in competition with any existing company, but upon terms such as is indicated in this memorandum, what rate of interest would you take as the initial rate as part of the bargain now?—I am afraid I cannot answer that. If there was a Government guarantee, of course I could answer, but without that I cannot answer.

1849. Is not the essence of the safety of going into such a bargain that we should have some data in our minds on these points?—Yes, I think we must arrive at some conclusions, but I am not in a position to answer for the Post Office at the present moment.

1850. Nor for Mr. Lamb?—No, I think not.

1851. (*Lord Londonderry.*) The Chairman has referred to the fact that you attended the International Conference at Paris of 1890, and of 1896 at Budapest; that is so, is it not?—Yes.

1852. Can you tell me how many votes that delegation exercised?—We exercised three votes at Paris, one for the United Kingdom, one for the Cape, and one for Natal, and four at Budapest, that is one for the United Kingdom, and one each for the Cape, Natal, and New Zealand.

1853. Has Great Britain been supported by the votes of the other British Colonies?—Yes, it was invariably supported, I think. The delegates of the Colonies and of the mother country discussed important questions among themselves, and agreed on a common line of action.

1854. They were not bound to agree with you, but, as a matter of fact, they did?—That is so.

1855. How many votes did the Colonies bring to your support?—At Paris, in addition to the votes of the Cape and Natal, they brought five votes, and at Budapest, in addition to those of the Cape, Natal, and New Zealand, they brought five again.

1856. What was the attitude of the delegation from British India?—On all important questions it was one of cordial co-operation.

1857. Then I understand it would be a mistake to suppose that the United Kingdom was swamped with the votes of small States?—Yes, it would be a mistake. I should like to say that among great States we ought to be the last to complain of the voting power of the small States.

1858. Why do you make that statement?—Well, Russia with its enormous empire has only one vote, Germany has only one vote, France with its colonies

and Tunis only five, Austria-Hungary has only three, Italy only one, and the British Empire has twelve.

1859. Do you think that the federation of Australia will reduce the votes?—I am afraid it will, but we shall still be left with seven votes. Ceylon has been added since Budapest.

1860. I suppose that in any case it is not to be assumed that the small States are hostile to this country? No, quite the contrary. You will find among their representatives some of the most able and useful members of the Conference who are respected by everybody.

1861. You think that this country is not isolated at the Conferences, and has nothing to fear from other members of the Union?—It certainly is not isolated, and I do not think it has anything to fear. It has a great deal of influence, and meets with friendly consideration on all hands.

1862. Well, then I now come to the terms of reference to this Committee. I should like to ask whether, in your opinion, the present system of telegraphic communication between different parts of the Empire requires to be supplemented?—So far as the requirements of commerce are concerned I think when the new cable from Durban to Western Australia is laid, the system of cables will be practically complete; and if any further demand arises out of the trade of the Empire, I think that private enterprise may and ought to be trusted to meet the demand.

1863. Do you make any distinction between the long-distance cables and those to neighbouring Continental countries?—As I have already explained to the Chairman I regard the latter cables as mere frontier telegraphs, which are properly in the hands of the States.

1864. Which of them are in the hands of the States?—Those to Germany, Holland, Belgium, and France.

1865. Do you think in this case the State ought to maintain the existing cables, and to supply any additional cables of the same kind that may be required from time to time?—Yes, I do.

1866. Would you go any further?—I think the Government ought very carefully to consider the question of the extension of the arrangements as the present concessions expire.

1867. Would that carry you much further? Why should not the Government acquire the long-distance cables either on its own account or with other Governments?—Well, the view of the Department, apart from reasons which would apply to other undertakings as well as cables, is that no Government or combination of Governments could administer the cables so well as private enterprise. A private company can make arrangements to employ its own operators at Vigo, Lisbon, Gibraltar, Malta, Zante, Sitia, Alexandria, Suez, Aden, and Bombay. No State could secure anything of the kind, because no State would be allowed to employ its own servants on the territories of other States. This, by the way, is one of the reasons why it is possible for a long-distance cable system to be more efficient than a land system, which at every successive frontier passes under the management of a fresh foreign State, and into the working hands of a fresh set of foreign officials.

1868. We have travelled a little away from the question of whether the system of telegraphic communication requires to be supplemented. You have given your answer for commercial requirements. Have you anything to say from an administrative or strategical point of view?—I do not think that at present there are any very urgent cases. Fiji and New Guinea ought to have cable communication; St. Lucia ought to have direct, instead of indirect, communication with Jamaica; it would be well to give Ceylon a connection with the new cable between Durban and Australia—say at Keeling Islands—and Belize might perhaps be connected with Jamaica; but we do not think these cases are very urgent.

1869. On the second head of our reference, have you anything to say as to the relations between private cable companies and the Imperial and Colonial Governments?—I am not able to speak for India or for the Colonies, there is a standing Inter-departmental Committee to deal with questions of landing rights, which was appointed by the Government in May, 1899, and the Colonial Office and the India Office are represented on this Committee. The object of it is to secure that the various authorities throughout the Empire who give landing rights for cables should act as far as possible on a uniform plan and in co-operation with each other.

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1870. What control is exercised by the United Kingdom?—Generally speaking, the only direct control is that of the Board of Trade, which can impose conditions when it receives applications for landing rights, but the Treasury of course have some control if there is any question of subsidy or other financial consideration.

1871. Has the Postmaster-General no control?—He has no direct control, because Parliament has expressly excluded from his monopoly the transmission of foreign telegrams, but for the last twenty years or so he has been consulted by the Board of Trade, and now the Post Office is represented on the Inter-departmental Committee to which I have referred, so that he has the opportunity of obtaining consideration for his views in the deliberations of that Committee. The Committee sits under the Presidency of the Permanent Secretary to the Board of Trade, and the Treasury, the Foreign Office, the Admiralty, the War Office, the India Office, the Colonial Office, and the Post Office are all represented on it. The Board of Trade still remains the authority for granting the landing licences in this country, but by means of the Committee it learns the views of other Departments of the State, and shapes its action accordingly.

1872. Will you explain what are the relations which the Telegraph Act of 1869 established between the Post Office and the Cable Companies, and what bearing these relations have on the terminal taxes assigned to this country by the International Convention?—I have already said that Parliament has excluded the transmission of foreign telegrams from the monopoly of the Postmaster-General. This exclusion rests upon Section 5 of the Act 32 and 33 Victoria, chapter 73, the relevant portion of which reads as follows:—"There shall be excepted from the exclusive privileges of the Postmaster-General all telegrams of the following descriptions, that is to say: Telegrams transmitted to or from any place out of the United Kingdom of Great Britain and Ireland." The Cable Companies thus occupy an independent position, and are entitled to carry on themselves the work of collecting, transmitting, and delivering foreign telegrams in the United Kingdom. Any terminal and transit rates assigned to this country under the International Convention naturally therefore accrue to the companies if they do the work. On the other hand if any of the work is wholly done by the Post Office, as in the case of telegrams transmitted by the Anglo-Continental Cables jointly owned by the Government Administrations, the rates accrue to the Post Office.

1873. Is it not the case that the Post Office acts to a certain extent as agent and contractor for the Cable Companies?—Oh, yes, the Post Office acts as agent for the cable companies, because the companies do not possess offices of their own except in a few of the largest cities. Elsewhere their telegrams are collected or delivered by the Post Office. It also acts as contractor, because it supplies the wires which form the continuation of the companies' lines from the landing places of their cables to the towns where they have offices of their own.

1874. Under what authority does the Post Office perform these services for the companies?—Under Section 12 of the Act which I have already quoted. This section reads as follows: "The Postmaster-General may upon the reasonable request in writing of any company or persons constituted for the transmission of telegrams to or from any place out of the United Kingdom of Great Britain and Ireland make all necessary arrangements for the transmission of such telegrams within the said United Kingdom"; and the rest is about arbitration, which perhaps I need not read.

1875. But what as a matter of fact are the terms generally agreed upon by the Cable Companies?—For the rental of land wires £5 per mile per annum, and for telegrams delivered or collected on behalf of the companies the ordinary Inland rate of ½d. a word, with a minimum of 6d. per telegram.

1876. But these charges have nothing to do with the terminal and transit rates assigned to this country by the International Convention?—No; they are internal, and governed by this Act of Parliament.

1877. If the Post Office has no direct control, has it any influence with the companies?—Yes; the companies attach a good deal of importance to the views of the Post Office, and they know that at International Conferences they have to rely on the representatives of the Post Office to help them to defend their legitimate interests, as they possess no power to vote themselves.

1878. Can you tell the Committee what in your opinion has been the result to this country of the policy adopted by Parliament, and of the freedom from onerous conditions which the Cable Companies have so largely enjoyed?—Well, I think that the result has been to encourage British Cable enterprise, and to constitute this country the centre of the telegraphic system of the world, as well as the workshop of the world for submarine cables.

1879. With regard to the third head of our reference, I should like to ask you what your opinion is as regards the reasonableness of the existing rates, and as to how any reduction could be effected?—Take the Western Hemisphere first, I doubt whether the Government of this country could take any decided measures to procure a reduction in the rates. To North America the existing rates may, in fact, be described as low; and as regards Central and South America I do not think that they can be described as unreasonable. As to Brazil, a reduction of 6d. a word has just come into operation. I know of no way in which the Government of this country could compulsorily bring about a reduction unless they granted a subsidy or compensation. The companies chiefly concerned with Central and South America have no cables landed on the shores of this country. Take Peru, for instance, the companies which carry a large portion of the traffic to that country are American companies, whose lines extend from Galveston, in the United States, to Coazacoalcos, in Mexico, and then from Salina Cruz, Mexico, down the West Coast of South America. As to the West Indies, the rates charged are apparently insufficient, even with the subsidies, to provide a reasonable return on the capital.

1880. What is the state of the case in regard to Europe?—The rates to Germany, Holland, Belgium, France, Switzerland, Austro-Hungary, Italy, Bosnia-Herzegovina, Servia, Roumania, and Bulgaria are in all cases lower than the normal rates, special arrangements having been made with the various countries for reduced rates. These arrangements have been made under Clause 4 of Article 10, and under Article 17 of the International Convention, which allow the States to make arrangements so long as they do not interfere with other States. In the case of Scandinavia, Russia, Turkey, Greece, Spain, and Portugal the communication by cable is so important to the interests of this country that the rates have had to be maintained at a point which would provide suitable remuneration to the companies concerned. The Post Office is constantly watching for favourable opportunities to bring about a reasonable reduction of rates. At the Paris Conference it was instrumental in securing a reduction of charges to Austria, Hungary, Italy, Russia, Portugal, Sweden, and Spain, and at Budapest to Gibraltar, Greece, Morocco, Portugal, and Spain. Since then reductions have been obtained to Norway, Denmark, Sweden, Roumania, Servia, and Bulgaria.

1881. What do you say with regard to Africa?—The rates are generally high to places on the West Coast; but on and from to-morrow, the 1st of May, the rates will be reduced as follows:—Bathurst by 1s. 1d.; Sierra Leone by 11d.; Accra by 8d.; Lagos, 8d.; Brass, 1s. 3d.; and Bonny by 1s. 5d. And whether in view of the amount of traffic which those places produce it would be reasonable to expect any further reduction at present I am not in a position to say. I ought to mention that the reductions I have just described are the result of negotiations between the Treasury and the company in connection with the laying of the cable from Ascension to Sierra Leone.

1882. In the case of Egypt, what have you to say?—In the case of Egypt also the rate is unduly high; but if the proposal of which this country has given notice be carried at the next International Conference, then the effect will be very largely to reduce the charges on telegrams to Egypt. In the case of South Africa the cable company some months ago agreed to reduce the charge by successive steps from 4s. to 3s. 6d., 3s., and 2s. 6d., as the gross revenue from time to time reached a prescribed level, and in accordance with this agreement they have already reduced the charge to 3s. 6d. a word. It does not appear that there is room for a further arrangement at present.

1883. What is your opinion in regard to the charge to Asia?—There can be no doubt that some of the charges are high, and in the case of India the Post Office has for a long time felt that they were excessive. In December, 1895, it addressed an important communication to the Eastern Company on the subject; and in

March, 1896, it communicated with the India Office. I can hand in this correspondence if the Committee would like to have it.

1884. (Chairman.) We will take the fact—it is all ancient history unless you tell us why you did not get the reduction?—The correspondence is only of value because it gives the arguments for a reduction.

1885. But you did not get it?—No, we did not. At the Conference at Budapest, in June, 1896, the delegates of this country joined with the delegates of India in endeavouring to obtain a reduction to 3s. a word. The Indo Company professed themselves willing to agree; but the Eastern Company pleaded special reasons for refusing any reduction at the time. It seemed clear that a reduction could not be indefinitely deferred, that, in fact, it must come by its own weight; and meanwhile several other valuable concessions were obtained from the companies, which I can specify if necessary.

1886. I should like to hear them?—We secured an assimilation of the two *regimes* with regard to the counting of words, and thus we increased in the extra-European *regime* the maximum length in plain language from ten to fifteen letters, which was a boon to people who were telegraphing in plain language. Next we secured that the number of figures to a word in a Government telegram should be increased from three to five, and thus we saved the taxpayers of this country a very large sum, and it was chiefly at the cost of the companies. In 1896 it was estimated that this saving to the taxpayers would be £11,000 a year, and now it must be much more. Then we secured a reduction of charge between this country and China from 7s. to 5s. 6d. a word, and to Japan from 8s. to 6s. 2d., and reductions to the Straits Settlements and several other places in the Far East. We also secured a reduction to Mauritius from 8s. 9d. to 5s. a word, and reductions to Portugal, Spain, Gibraltar, and other places in which the companies were concerned. These reforms were carried out chiefly at the expense of the companies. Well, the belief that the rate to India could not be maintained is now receiving justification, as negotiations have for some time been in progress with the companies, who have both expressed their willingness to make a reduction. Here, again, the proposal which the Post Office has made for the assimilation of the charges of European States for extra-European and European telegrams will, if adopted, facilitate this reduction, and render it easier for the companies to make reductions generally, for example to Singapore, Penang, Labuan, and Hong-Kong.

1887. (Lord Londonderry.) Will you tell the Committee what has recently been done in regard to the Australian Colonies?—In connection with the projected cable between Natal and Western Australia, the Cable Company has entered into arrangements with certain of the Australian Colonies on somewhat the same lines as the arrangement for the reduction of rates by successive steps in the case of South Africa, and, as a result, the rates to South Australia, Western Australia, New South Wales, and Tasmania have already been reduced to 3s. 6d. a word.

1888. You have answered some questions as to the position which this country would occupy if it withdrew from the Union: Would you now tell me whether this country, if it withdrew, would be in a favourable position to obtain rapid and direct means of communication from, say, London or Liverpool to distant centres of trade on the Continent?—No, I think it would be in an unfavourable position.

1889. I turn to another question. You told the Chairman that if we withdrew from the Union we should have no voice in the framing of the Regulations?—Yes.

1890. And you mentioned the use of code. Could you give any example of our action in regard to the use of code, and say whether the commercial community of this country were at all interested?—Under the Regulations of the International Convention the public are allowed to send telegrams in preconcerted language, which is generally described as "code." The words are limited to ten letters each, and a code telegram may contain German, English, Spanish, French, Dutch, Italian, Portuguese, and Latin. The freedom to use code was abused by people, who, instead of using legitimate words, manufactured irregular combinations of syllables to suit their own purposes. It was difficult to impose any efficient check, and the abuse grew to such an extent that at the Paris Conference there was a practically unanimous feeling on the part of both State administra-

tions and private companies that an official vocabulary should be prepared by the International Telegraph Office, and that the senders of code telegrams should be bound to draw their code words from this vocabulary and from no other source. We felt that, while a decision in this direction would prevent abuse on the part of unscrupulous persons, it might injuriously affect the legitimate interests of merchants who were not concerned in the abuse. We agreed that an official vocabulary might be prepared, and that it might as an experiment be made compulsory for the European *regime*, where code telegrams were little used; but we urged that it should not be made compulsory for the extra-European *regime* until we and the mercantile community had had an opportunity of seeing it. Our views were accepted, and the question of making the vocabulary compulsory for the extra-European *regime* was postponed. In due time the vocabulary was published, and met with an outburst of hostile criticism, not only at the hands of individual merchants, but on the part of Chambers of Commerce throughout the United Kingdom, India, and the Colonies. The Post Office felt that there was solid ground for much of this criticism; and, in the belief that the compulsory use of the vocabulary in the extra-European *regime* would be an injury to British trade, it decided to oppose all propositions for compulsion that might be brought forward at the Budapest Conference. In this decision it was supported by the representatives of the Colonies and of India. The feeling of the whole Conference was against us, but eventually, after much discussion and personal negotiation, we succeeded in persuading the Conference to pass a resolution that a new vocabulary of a totally different kind, on a much more comprehensive basis, should be prepared by the International Bureau for consideration at a future Conference.

1891. Do you wish the Committee to understand that the matter was one which created a good deal of feeling on the part of the mercantile community?—Yes; I do not think there has been any question affecting the telegraph service which has created so much apprehension among the merchants of this country.

1892. How would they have been injured?—Well, at great expense and trouble they would have had to recast the whole of their elaborate codes, and their correspondents and agents throughout the world would have had to do the same. Not only so, but they would have been denied the right to use a large number of legitimate words, and they would thus have had a more restricted power of expression in code language, which would have led directly to an increase in the cost of their telegrams.

1893. What would have happened if this country had not been a member of the Union?—It was directly because we were a member of the Union that we were able to prevent this great injury to British trade. The imperfect vocabulary authorised by the Paris Conference would certainly have been made compulsory, and British merchants would have had no alternative but to adopt it, and their own Government would have had no power to help them.

1894. Mr. Helm, the Secretary of the Manchester Chamber of Commerce, has given some evidence before this Committee, and has represented that in the new official vocabulary, which was to have been so comprehensive, a number of legitimate words have not been included. I handed you a list of these words—79 in number—and asked you to make some inquiry. Will you tell the Committee what is the result?—We at once admitted that the words in question were legitimate words. These 79 words which the Postmaster-General handed to me as having been mentioned to the Committee by Mr. Helm, when we got them we had to admit at once that they were legitimate words, and the only reason that they were not included in the vocabulary is that the persons using them did not send them to Berne. The Post Office has now sent them, and they will be included in an appendix to the vocabulary.

1895. What steps were taken to make the work as complete as possible?—First of all, the International Bureau sent out circulars to every country, to Chambers of Commerce and to other people, inviting them to send in their existing codes, so that all the legitimate words in existing codes might be included in the new work. Then we in this country issued in the "Gazette" a translation of this circular. We also wrote especially to every Chamber of Commerce which had made any representation to us on the subject. These included the principal Chambers of Commerce, such as those of Glasgow, Liverpool, Manchester, and a great many other towns. We also wrote direct to every compiler of a code whose ad-

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dress we could find, and in every case we urged them—we did more than invite them—to send in their list of words to Berne, so that no really legitimate word might be omitted. Now in the case of Manchester there was not a very cordial response, and as a matter of fact Mr. Helm and his Chamber of Commerce did not send in any words, and that accounts for the omission of those words which he mentioned before this Committee.

1896. Would you say, as a matter of fact, how many books were sent in response to this invitation?—215, including, as far as we can find out, practically all the well-known codes and collections of words.

1897. Can you state how many words the new vocabulary contains?—About a million and a-quarter—that is, about a million more than the first official vocabulary.

1898. In speaking of Regulation 27, I think you told the Chairman that the Union had been always ready to recognise new circumstances or conditions. These, I suppose, might well be expected to arise outside Europe. But in Europe is there the same probability of new circumstances or conditions?—No. In Europe the International telegraph system may almost be described as complete, so far as present requirements are concerned, and in Europe there would probably be less occasion to depart from the principle of restraint of competition than there might be in other parts of the world. Indeed, Regulation 25 of the Convention prescribes in respect of European telegrams the collection of the same rate by all routes. Even here, however, there are a few exceptions, and, while the charge between this country and Spain, by way of France and the Marseilles-Barcelona cable, is 5½d. a word, it is not required that the charge by the more direct routes should be maintained at the same amount. On the contrary, the charge by other routes is only 3½d. I could give other instances.

1899. Apart from these exceptions, how is the uniformity usually attained?—Generally by rounding down the charge by the routes on which it is naturally higher, but there are some cases in which the charge is rounded up. An illustration of rounding down may be found in the rate between France and Austro-Hungary. The cheapest normal route is *via* Switzerland. There are two other routes, namely, *via* Germany and *via* Italy, and here the transit rate is normally 8 centimes a word, because Germany and Italy are large States, but both these countries accept 4 centimes, so that the charges between France and Austro-Hungary by all three routes may be uniform.

1900. Has the refusal of one country to agree to a reduction in the charge ever caused disappointment to this country when it was carrying on negotiations for a reduction by another route?—Yes, we must admit that it has. At Budapest the British delegates negotiated for the construction of a direct wire between England and Hungary through France, Switzerland, and Austria, and would probably have been able to secure at the same time a reduction of 1d. a word in the charge for telegrams through Hungary to Roumania, Servia, and Bulgaria. In this they would have had the co-operation of France and Austria, if not of Switzerland; but it would have been necessary under the terms of Article 25 of the Convention, that the same reduced rate should become operative by the route through Germany. Germany was not able to see her way to agree to any reduction of her transit charge, and, therefore, a reduction of the transit charge in France could not be brought into operation. Under these circumstances, the reduction in the total rate was limited to ½d. a word, and we could not make it 1d.

1901. Was there any reason for the attitude assumed by Germany?—Yes, I think there was. Many years ago telegrams between this country and Austro-Hungary and countries beyond were transmitted by way of France and Switzerland, but the service, for reasons which are not known to me, was not satisfactory. At the same time, the alternative route through Germany was equally unsatisfactory; but Germany, acting on Article 4 of the Convention, went to the expense of constructing a wire all the way from the German seaboard to the Austrian frontier to be devoted specially to this traffic, and arranged with the Austrian administration to continue the wire to Vienna. They also made arrangements for an efficient service between the German coast and England through a cable laid by a German company. The effect of this action on the part of Germany was to stimulate the traffic, and to render it necessary to construct a second wire. This also, so far as the land service was concerned, was specially undertaken by the German Government. The Germans could not, of course, complain of the new direct line through France and Switzerland, but after

what they had done we think it was reasonable for them to appeal to Regulation 25, and ask that they should be consulted before a lower charge to the three Balkan States was adopted.

1902. To come back to the case of countries beyond Europe, where, I think you remarked that the restraint of competition under Regulation 27 of the Convention is in some directions beneficial to the British Empire; do you regard it as a desirable state of affairs that it should be possible for certain Continental States to prevent a reduction in the charge for telegrams between England and her own possessions in the Far East?—Perhaps I repeat myself here, but I may say that our belief is that no such case has arisen under the Regulation you mention, and that if a case were to arise it could be met. India we hold is not a case in point; it is a case of special agreements. The Governments of this country and of India have desired to maintain a line of communication through Germany, Russia, and Persia under British management, not under the ordinary terms of the International Convention, and they have actually laid cables in the Persian Gulf to form a continuation of this line to India. In the circumstances it seems to the Post Office that it is not unreasonable that the countries which have contributed to the formation of the line, and are parties to the special agreements, should be consulted with regard to the tariff, and should expect this country to respect the agreements. We see no ground for supposing that they would not listen to reason if they were consulted.

1903. Was it Regulation 27 that prevented the reduction in the charge for telegrams to India at the Budapest Conference?—No, I am quite clear that it was not.

1904. Did the International Convention in any way interpose an obstacle?—No, I do not think it did in any way. The whole responsibility rested with the Eastern Telegraph Company. The Indo-European Company would have had to come to some fresh arrangement with Russia and Persia, if not with Germany, because of the special agreements; but these agreements would have held good if there had been no International Convention.

1905. Does the history of the charge for telegrams between this country and India lend any support to your view that we cannot set aside the opinions of the intermediate administrations? What is that history?—The history so far as we can make out is briefly as follows: Before the International Conference at Vienna in 1868, telegrams were sent to India by means of the State-managed land lines of the various intermediate countries, an arrangement which I understand is now again advocated by some people. The telegrams took from twenty to thirty days in transmission, and the charge for twenty words was very high. At the Vienna Conference the rate was reduced to 71 francs. The companies (the Eastern Company and the Indo-European Company) shortly afterwards appeared on the scene, and succeeded in establishing two new routes, one by way of Germany and Russia, and the other by way of the Mediterranean and Egypt, and the time of transmission was reduced to a few hours. These two lines of communication were practically the outcome of the report of the Select Committee of the House of Commons on East India communications in 1866; and the construction of the line through Germany and Russia was the subject of negotiations, in which a delegate of the India Office took part, at St. Petersburg in 1867. This I repeat was not a normal arrangement under which States performed a service in accordance with the terms of the International Convention; but an abnormal one under which States admitted a British company, backed up by the British Government, to work a through line of telegraph on their territory. The service given by the companies was of great value, and when they complained that the tariff was not sufficient to keep them alive, Austro-Hungary summoned a special Commission of the interested States to deal with the question. The Commission met at Berne in 1871, and the delegates of British India were the official advocates of an increase in the rates. The administrations accepted the arguments of these delegates, and consented to an increase in the charge from 71 francs to 112½ francs per telegram. It appears, therefore, that the Government, through the delegates of British India, induced the German, Russian, and other administrations to acquiesce in an increase of tariff in support of new routes which were of value to the British Empire.

1906. Can you explain to the Committee what is the payment which the Indo-European Company make to Germany in return for the use of two wires in that



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country?—When the original concession of the Prussian Government was given in 1869 it was arranged that the charge for a telegram of twenty words between the United Kingdom and India should be £4, and that out of this sum Germany was to receive 2½ francs; but when the negotiations for a Joint-Purse between the Indo-Company and the Eastern Telegraph Company began, the Germans apparently feared that, as soon as that agreement came into force, there might be a mutual understanding between the two companies to divert Anglo-Indian traffic from the route through Germany to the Eastern Company's cables so as to avoid the payment of the 2½ francs to Germany. Germany accordingly demanded that her share of the charge should take another form, and a new arrangement was made under which, instead of receiving 2½ francs per telegram in respect of any telegrams that might be sent by way of Germany, she became entitled to 5/34 per cent. of the Indo Company's receipts out of the Joint-Purse, with a minimum of £4,400 a year, whether the telegrams went by way of Germany or not. Under this arrangement the Indo-European and Eastern Telegraph Companies had no interest in diverting traffic, and we understand from the statement of the German Government themselves that as a matter of fact the payment works out at about ten centimes a word, which is exactly half that to which Germany is entitled under the International Convention.

1907. If the charge for Anglo-Indian telegrams is reduced from 4s. to 2s. 6d., how will the payment to Germany per word be affected?—If the present arrangement of paying Germany 5/34 per cent. of the Indo company's receipts is maintained the effect I think will be to diminish the remuneration of ten centimes a word. It must, I suppose, be assumed that the effect of reducing the Anglo-Indian rate to 2s. 6d. would increase the number of telegrams to be sent by the German route. If the number were doubled, the remuneration per word would be reduced from 10 centimes to 5 centimes, or one-fourth of the rate Germany is entitled to under the Convention.

1908. (Chairman.) What is the inference you want us to draw from that—that Germany is extremely moderate, or that she has made a good bargain?—I believe the inference is that Germany is moderate.

1909. This is on an assumption that an arrangement which prevents a perfectly natural traffic going by another route should be prevented?—The fact remains that Germany, for the work that goes through her country, is getting a moderate payment.

1910. If you send by a route which does not go through German territory why pay Germany anything at all?—I do not think you ought. But it has been suggested to the Postmaster-General that Germany has acted a very unreasonable part, and therefore it seems desirable to point out that Germany has not been unreasonable.

1911. (Lord Londonderry.) Have you any information as to the reasons why the recent negotiations with Germany have not succeeded?—Yes; we have the one reason, the failure of Germany to obtain from the British Government permission to transfer the Emden-Valentia cable to Waterville, but this is a reason which is in course of being removed through the diplomatic channel.

1912. Have you any other reason?—Well, the other reason is what I have already stated, that we think the company endeavoured to obtain from Germany better terms than they now enjoy, and that the German administration pointed out that the present terms were liberal; the company then apparently withdrew their request for better terms, but the effect of their original request had been to direct the attention of the German administration very closely to the details of the present arrangement, and to raise the question whether the company should continue to enjoy such favourable terms.

1913. The suggestion has been made that the charge between this country and India might be made up of the internal charges of the various intermediate countries, the argument being that as this country sends inland messages for ½d. a word, France for ½d. a word, and so on, they ought to be able to send international messages at the same rate. What have you to say on this subject?—Well, the considerations upon which internal rates are fixed do not apply to international traffic. It is well known that in many countries the internal rates are unremunerative, and the advantages of internal trade and commerce and to the general well-being of the country are supposed to compensate for the expense to the tax-payer, but it is

a different thing to expect a country to carry at an unremunerative rate international messages in which it has no concern.

1914. (Chairman.) Which it insists upon carrying?—I do not think so.

1915. You cannot get out of it?—My answer has to do generally with the Convention and not with this particular arrangement about India. Apart from a general and international arrangement we do not think that there is a State which would consent to sacrifice the interests of the tax-payers for the benefit of other nations. In this matter all the States have by no means the same interests. Some countries have a preponderance of terminal messages, while others have a preponderance of transit messages.

1916. (Lord Londonderry.) There is another suggestion, which is that if we do not proceed on the basis of adding together internal charges, we should at least start from the basis that an international telegram between London and the remotest frontier of Russia in Europe costs only 5½d., and that we should then build up the tariff beyond and arrive at a through charge of something like 1s. Do you think this is feasible?—I think that any contention of this kind, if pressed upon the States of the Union, will be likely to re-open an old question, which is whether States of large extent should not have their international tariffs settled with reference to zones. The aim of this country has always been to get rid of zones within States, and as a matter of fact there is not now a single European country in which these zones exist. In every case the international tariff applying to one part of a country applies to every part, thus: the charge of 5½d. between London and St. Petersburg applies also to a telegram between London and Orenburg or Tiflis. Russia would not admit that telegrams could be carried to those remote places at the same cost as to St. Petersburg, and if any attempt were made to base an argument on the charge of 5½d. I think we should run the risk of being met with a demand for the restoration of the zone system, which would throw much expense on the public and introduce complications in the charges for telegrams.

1917. Now another question. I think you said in answer to the Chairman that this country would suffer more inconvenience from a withdrawal from the Union than any other because of its relations with the rest of the world. Can you say what proportion the number of telegrams between the United Kingdom and other countries in Europe bears to the number between the United Kingdom and countries out of Europe?—In round figures 7,060,000 telegrams are sent to and from countries in Europe, as compared with 2,350,000 telegrams to and from countries out of Europe.

1918. In other words, you mean that this country sends and receives three times as many telegrams in its relations with Europe as it does in its relations with the rest of the world?—Yes, that is so.

1919. What bearing have those figures upon the question whether this country should withdraw from the Union?—I think they show that we must maintain harmonious telegraphic relations with the various European States, and that we could not, without injury to our traders, withdraw from the International Union which governs those relations.

1920. Remarks have been made to the effect that the experience in the Spanish-American War proved the extreme vulnerability of cable communication. Can you tell the committee whether as a matter of fact telegraphic communication between Spain and her West Indian Colonies was maintained during the war?—The Santiago-Jamaica cables were never interrupted, and as the cables which were cut along the coast of Cuba were either local connections or pieces of old cable which had been abandoned, communication between Havana and Madrid via Santiago remained undisturbed to the end.

1921. Mention has recently been made in the public Press of certain directions issued by the United States for the guidance of their naval officers in time of war as regards the cutting of cables. Can you tell the Committee the nature of those directions?—Yes. They are as follows:—“Article 5.—The following rules are to be followed with regard to submarine telegraphic cables in time of war, irrespective of their ownership: (a) Submarine telegraphic cables between points in the territory of an enemy or between the territory of the United States and that of an enemy are subject to such treatment as the necessities of war may require. (b) Submarine telegraphic cables between the

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1922. What is your opinion as to the bearing of these directions on the question of all-British cables?—They do not seem to be opposed to the idea of all-British cables. Such cables will undoubtedly be valuable to the Empire, but the American rules are opposed to the idea of a policy of sole reliance on such cables, and they clearly point to the desirability of maintaining alternative routes touching foreign territory. Whatever views other countries—

1923. (*Chairman.*) Do I understand from that answer that you think that it is a distinct advantage that alternative routes should touch foreign territory?—Yes, I think so.

1924. Why?—Because those which touch foreign territory, if the foreign territory is neutral, will not be

interfered with by the enemy, except in our own territorial waters if they can touch them there.

1925. What is your ground for that assumption?—I am now only speaking of the American rules. I guard myself from saying what view another country would take.

1926. I thought you were laying it down as incontrovertible that if a line, a cable line, were laid from one neutral country to another neutral country, one of the neutral countries would not interfere even if sending information to their agent?—No; I only put the view of the Americans. I suppose the promulgation of these rules may have some influence with other countries, but I only mention them as being the rules of America.

1927. If the Boers had had a fleet, do you think that they would have refrained from interfering with the Cape because it was between two points of the Portuguese territory?—I do not think they would.

1928. Nor do I?—I do not know whether you wish me to go on.

1929-30. (*Lord Londonderry.*) I think that covers the ground?—I do not think I need say any more.

## NINTH DAY.

Wednesday, 8th May, 1901.

PRESENT:

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman.*)

The MARQUESS OF LONDONDERRY, K.G.  
The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C.M.G.

Major-General Sir J. C. ARDAGH, K.C.I.E., C.B., R.F.  
Rear-Admiral R. N. CUSTANCE, R.N.

J. H. LINDSAY, Esq., *Assistant Secretary.*

Mr. J. C. LAMB, C.B., C.M.G., recalled, and further Examined.

*Mr. J. C. Lamb, C.B., C.M.G.*  
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1931. (*Chairman.*) Referring to your answer to Question 1738, in which I asked you to suggest a standard test to enable us to judge between cables and land lines I see that you went somewhat fully into the cost of a land line, but did not say anything about the cost of a cable. Would you like to supplement that now?—The rough estimate which I gave of the cost of maintaining a land wire on new poles all the way was £16,400 a year. I should like to add that if the wire were erected on existing poles for half the distances the maintenance might be £13,800. Then as to the maintenance of a cable, some years ago, when I was instructed to negotiate with the Eastern and South African Company for the laying of a cable to the Seychelles and Mauritius, I ascertained from the accounts of the company that the average cost of maintenance was about £4 5s. per nautical mile per annum. This charge they explained by the extent of their system, and the economical arrangements they could make for using each of their ships for the repair of several cables. If an independent cable were laid from here to India, the cost of maintenance would probably be higher, and might be put at £6 per nautical mile, or £40,000 a year, compared with £16,400 for the land wire. I may add that the Committee on the Pacific cable adopted a figure which works out at £8 15s. per nautical mile, so that the estimate of £6 may perhaps be regarded as moderate.

1932. (*Lord Onslow.*) I want to ask you some questions as to deferred and preferred messages. You said, I think, that you doubted very much whether there are idle times with reference to the business hours of the day. Well, now, since you gave your evidence I have referred to the evidence which was given before the Pacific Cable Committee by one or two of the principal commercial cable companies, and I should like to ask you whether you agree with them. Mr. Ward, who is the managing director of the Commercial Cable Company to America, says: "We are very slack from half-past four a.m. to two p.m. The bulk of our traffic to America is between four and seven in the afternoon, and from America between nine p.m. to half-past four a.m., the greatest pressure being at midnight. All our cables are duplex, and we send our press messages at our slack period." Would you agree with that?—I would

quite agree that that is the case with regard to communication between this country and America alone.

1933. You agree that there is a slack time to America?—To America, yes.

1934. The chairman of the Eastern Extension Cable Company was asked "between what hours of the day are most of the messages now sent between London and Australia. (A.) Between eleven o'clock and five or six o'clock; generally by five o'clock they are all in. (Q.) The result of that is that you have a margin because, I take it, nobody wants to receive a message at four in the morning, and you have practically from four in the morning to nine in the morning—reckoning Australian time—in which to work off your messages, if you are pressed? (A.) Yes. But, as a rule, we get all the traffic through in about 17 hours out of the 24." That is to Australia, and do you agree with that?—I think that may be accepted. The case that was put to me was the case of cables between this country and India, and what I wished to convey was that on those cables there was probably little idle time, because you had to take into account the conditions of business, not only in India, but in Australia and other places. The Indian traffic goes during the day time, and the Australian traffic during the night.

1935. Therefore as matters stand now you would say that there is no slack time on the cable to India?—That is our belief.

1936. Would that be modified supposing a new cable is opened to Australia, *via* the Cape, and another one *via* Vancouver and the Pacific—would that then create some slack time?—I think it would ease matters on the Indian cables, but I do not think it would substantially alter the conditions.

1937. At any rate you admit that there is considerable slack time?—On the American cables.

1938. And the cable to Australia?—If you assume that the cable to Australia is partly made up of the cable to India, then I am afraid I cannot admit that.

1939. Then you do not agree with the chairman of the Eastern Extension Company that he gets all his work



done in 17 hours out of the 24 hours?—He was speaking of Australian traffic.

1940. No, I understand that he was speaking of the business of the cable?—He was the representative of the Eastern Extension Company, which is the company that carries the messages beyond India to Australia.

1941. And you think he was not referring to the portion of the cable between England and Suez?—I do not think so. That portion carries not only the Australian traffic but the Indian and China and South African traffic.

1942. Well, of course, that may be so. But that at any rate would be considerably relieved by the opening of the other cable?—I quite agree.

1943. So far as those long distance cables are concerned, if it can be shown that there is a slack time of the day, and that a very considerable portion of the public wish to send messages at lower rates, on the condition that they need not be delivered within a specified time—say 24 or 48 hours—do you still see any objection to complying with those requirements of the public?—Yes, I see serious objections.

1944. Simply on the general ground that every message ought to be an express message?—No; I think I can give you more specific reasons if you wish me.

1945. I am not asking for preferred rates, but merely deferred rates during the slack time?—If you will bear with me for a little I think I can give some reasons—shall I go on?

1946. Yes, please?—I said the other day that the tendency of deferred telegrams was to maintain the ordinary rates at a higher point than was necessary. Now, I can give two examples where that was the case. France introduced a deferred rate to Algiers, but when she reduced her ordinary rate she immediately abandoned the deferred rate, and the fact is that the deferred rate had been practically leading her to maintain that ordinary rate at a higher figure than was necessary; and the same thing occurred in New Zealand, where they introduced deferred messages.

1947. Inside the colony?—In both cases they were so to speak internal—they were not international. New Zealand introduced deferred telegrams at a reduced rate. She abandoned them, and immediately reduced her ordinary rate; but as long as she had deferred telegrams she maintained her ordinary rate at an unnecessarily high figure. One of the prime conditions, it seems to me, of a deferred rate is a limitation of hours. If you have not a limitation of hours you interpose no obstacle to a general use of the deferred rate, and the deferred messages might then become ordinary messages. In those two cases that I have given you that was fully recognised. They only sent the deferred messages to Algiers after nine o'clock at night; and New Zealand, while at first applying the system at any time of the day, and merely deferring the messages till the others had gone, saw in time that practically the people were diverting into this deferred channel their ordinary messages, until the number of deferred telegrams actually became more than one-third of the total telegrams of the country. She then introduced a limitation of hours, and it was only that limitation which enabled her to put any check on the use of the deferred arrangement. Well, now the Post Office view is that on a wide-spread system, extending from here to the uttermost ends of the earth, you cannot have a limitation of hours. Take the case of the cables from here to the East. If you say that you will not accept any messages or transmit them until, say, six o'clock in the evening, that is precisely the time of day when you are dealing with the bulk of the Australian traffic, for the bulk of the Australian traffic goes in the evening, and arrives in the morning, so that the merchant may have it on his table at nine or ten o'clock, and in the reverse direction the same thing happens. Evidence to this effect was given before the Pacific Cable Committee by a city merchant and he explained that the merchants here find their Australian telegrams in their offices at about ten o'clock in the morning; they then go about to the various markets, and after they gather up all the strings of business, they go to their offices at about four o'clock in the afternoon, and begin to telegraph to Australia. It is quite clear, I think, from that example, that you could not fix a time limit when you are dealing with traffic like that. It goes at night naturally.

1948. What is the slack time? We are told by the Chairman of the Eastern Extension Company that there are only 17 hours out of the 24 that they are employed—what is the slack time?—The slack time

I think varies with the various traffic. To Australia it is slack during the day, but to India, which uses the same cables, it is not slack during the day.

1949. Well, then you say that 6 o'clock—why that particularly; why not take the hours most slack—take the hour of noon; why not between 12 and 4 o'clock have the deferred messages?—Because at that time you want the same cables for India.

1950. Well then you say the ordinary—it will be the ordinary rate because everybody will send their telegrams on the deferred scale?—Yes.

1951. And therefore that would become the ordinary rate—how does that injure the companies?—I think that it would be a very serious injury to the undertaker whoever he might be. In the case of the Pacific Cable, it would be the Governments, and this question has a most serious bearing upon the Pacific Cable, because that cable, I understand, is primarily for communication between this country and Australia. It seems to me that you would run a very great risk of getting that cable filled with deferred messages. Now in considering that question you have not merely to consider the effect on the Governments of getting their cable filled with deferred messages, but also what arrangements you would have to make with the Atlantic Telegraph companies, and with the land companies in America by whose systems the messages reach the Pacific Cable. We understand at the Post Office that the Atlantic companies and the American land companies are willing to enter into relations with the Pacific Board for reasonable transit rates. If you introduce deferred messages at reduced rates I think you will have some difficulty in persuading those companies to accept their share in any loss that might arise from these reduced rates.

1952. But you say that there is no room for any reduction in the rates from England to America?—I do not think there is.

1953. It is one shilling, is it not?—Yes, it is, and I think it is low.

1954. Have not the Commercial Cable Company made an offer to the Pacific Cable Board to take their messages for a shilling to Vancouver?—I accept that from your Lordship.

1955. But if so, and I think you may take it from me, does not that mean that they must make a considerable reduction in the Atlantic transit?—Yes, and I think that adds point to what I have said, because if they have been willing so far to meet the Pacific Board as to take a low rate for ordinary messages you may have some difficulty in persuading them to take only half that low rate, for example, for a deferred message.

1956. It is a question of arrangement between the different parties who are interested in the cables and the wires that make up the Pacific cable system?—Yes. There is one further thing I ought to mention, and that is, unless you can do altogether without the aid of intermediate countries—I have spoken just now of companies, but I am now speaking of countries—you will have some difficulty in introducing your deferred rate, unless you are willing to pay those countries the full transit they are entitled to. That really is the point I had in my mind the other day when I said that these rates were not sanctioned by the Convention. That only means that the States who are parties to the Convention have never seen their way to accept deferred messages at reduced rates in the international system.

1957. There is another matter and that is the question of this German cable, the Emden and Azores to Canso. The proposal in 1895 was that a cable should be laid from Emden through Porthcurno to the Azores and so to America, was it not?—That was so.

1958. The present arrangement is that there is a direct cable from Emden to the Azores and a direct cable from the Azores to Canso?—The German one is to New York.

1959. Which in your opinion is the best of those proposals in the interests of this country?—I think they are both bad.

1960. Which is the worst do you think?—The present arrangement is the worst.

1961. Therefore it would have been a good thing if at the time it was first got we had avoided the present arrangement; we would have been better off than we are now?—The Post Office is not prepared to admit that it would have been a good thing.

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1962. You said, I think, that the attitude of the Post Office throughout has been to refuse the facilities which are practically asked for, but that that was not supported by the other Departments for high reasons of State?—Yes.

1963. Was it not a fact that the governing policy of the Post Office throughout all this question with regard to landing rights was to get fair play to the British companies?—No, the prime object was to maintain the position of this country as the centre of telegraphic communication; but the reason you have given was a secondary reason.

1964. The first object has not been fulfilled?—If you will allow me to repeat what I said the other day, it has not been fulfilled because the views that were held by the Post Office were not supported.

1965. Now supposing you had been supported and you had steadily refused landing rights of any sort or kind, do you maintain that you could have prevented the laying of lines from the Azores to America?—Yes, we believe so.

1966. I fail to see how that could come about?—We felt that the German Government would then have had to appeal to this country again, and that an arrangement might then have been made, quite as good for them and much better for ourselves, putting them in communication with British cables on the shores of this country.

1967. Do you lay down as a proposition that it is not desirable to get a foreign cable landed on British soil?—On the contrary we hold that it is desirable, but we hold that it is not desirable to have a foreign cable if the effect of it is to establish a rival centre of communication elsewhere.

1968. I quite clearly understand, if you can prevent it?—Yes.

1969. But is it not better to give landing rights in England to a foreign cable than to have it laid directly between two foreign countries, and for us to have no control over it whatever?—It is less bad.

1970. I understand that the whole of the difficulty has arisen from the fact that Germany wants to connect with the Commercial Company instead of the Pool. That is the idea throughout?—No, she was willing to connect with the Pool originally. The Commercial Company was an afterthought.

1971. Now the whole difficulty is that the Post Office recommend that the change from Valentia to Waterville should not be permitted because it would give an unfair advantage to the Commercial over the Pool, amongst other reasons?—That is an additional facility which would tend to complete the creation of the Azores as a centre of communication and render it more efficient. In fact, to give the Germans exactly what they have been aiming at, and to give the Commercial Cable Company what they hoped to get when they entered into relations with the Germans.

1972. Now the Commercial Company lands on British soil at both ends, at Canso and at Waterville?—Yes, it does.

1973. Therefore, although it may be to a large extent owned by Americans and established under American law, it is still a British cable to that extent that both the ends are on British soil?—Yes, and the Post Office has always said that it would be glad to see cables laid by the Commercial Company; it has facilitated their operations, but it has always held that their cables should be direct, so as not to create this rival centre.

1974. In reply to the question of the Chairman, that the Post Office did not have any communications with the Pool Companies, you said the Landing Rights Committee had communication with them, did they not?—Oh yes. But what I referred to was the origin of this business—our original objection to the landing of the cable at Porthurno, and at that stage we had no communication with the British Companies.

1975. As a matter of fact, neither the Foreign Office nor the Post Office consulted the British Companies?—That is so.

1976. But in subsequent negotiations they were consulted by the Landing Rights Committee?—Yes, after Canada had allowed the landing rights in Nova Scotia.

1977. And did the Landing Rights Committee do much more or anything more than voice the wishes of the Pool to the German Government?—The representations which the Foreign Office made to the German Government on the recommendation of the Landing

Rights Committee had to do with the transfer of the Emden-Valentia cable to Waterville. And there the Landing Rights Committee did take the view that the Foreign Office ought to consult the British Cable Companies, because the aim of the German Government was to take this cable out of the office of a British Cable Company at Valentia and put it into the office of an American company at Waterville; and the Landing Rights Committee held that the Foreign Office might properly consult the British companies before sending an answer to Germany.

1978. You do not think that that was simply supporting the Anglo Company in defeating competition?—It was intended to facilitate competition. The aim of the Landing Rights Committee and of the Foreign Office was to place the British companies in regard to German traffic on the same footing in this country as the Commercial Company. The committee and the Foreign Office argued in this way: If we are to allow a cable from Emden to be worked in the office of an American company at Waterville, we ought to insist that the Germans should facilitate arrangements for a line from Germany to this country, to be worked in the office of a British company. There the Foreign Office was securing, not a monopoly for its own company—for the British company—but fair play—equality.

1979. The resolution which the committee came to was that they could not give facilities in this country to a foreign Government, the effect of which would be to injure a British company, unless the terms were fair, and the committee considered they were unfair—that was your resolution, was it not?—Yes.

1980. It comes to this, that it was supporting the monopoly of the Anglo Company and refusing to allow the Commercial Company to enter into competition?—No, on the contrary, if you will pardon me, the Foreign Office were willing to allow this German cable from Emden to be worked in the office of the Commercial Company at Waterville. Therefore it was promoting American competition. But it said at the same time, we must ask that in this country a British company shall be treated at least as well as an American company, and that if Germany demands communication with an American company here she must join us in giving communication with a British company.

1981. And so you hold that you would increase the competition in that way?—Directly.

1982. Between the two rival associations?—Yes, that was the view.

1983. (Sir John Ardagh.) In continuation of the same subject I should like to ask you to explain a little more fully how you contemplated that the refusal of the landing rights might transfer messages which were desired by Germany, and possibly prevent the laying of a direct cable?—Well, first of all, Germany would not have laid a direct cable to America without some assurance of an alternative route, because her relations with America were too important to commit to a single line of cable. Therefore she would not have proposed to lay a cable to America unless she could have made an arrangement with one of the existing companies for an alternative route. Not only did she require an alternative route, but she required some means of distributing and collecting her messages in America. Now the sole means of distributing and collecting messages in America except in New York where her cable might have landed, are in the hands of the two great rival companies, the Western Union Company and the Commercial Company. She was bound therefore, to make some arrangement with one or other of these companies. Now, if landing rights had been refused in Canada for the Commercial Cable Company for a cable from Canada to the Azores, and if landing rights in Waterville were refused for the Commercial Cable Company from the Azores, the effect of that would practically be to prevent the creation of the alternative route which Germany desired to obtain, and we hold strongly that she would not have laid her own cable *via* the Azores to New York.

1984. But as a matter of fact, we now know that all these causes did not amount to producing the effect on Germany of rendering the laying of that cable *via* the Azores impossible—the cable has been laid?—We think it is because the Commercial Cable Company had an assurance in their minds that they would succeed in getting landing rights in Canada, and that they would eventually succeed in getting landing rights at Waterville.

1985. But they are quite independent of both in this sense, that from the Azores to Massachusetts it is pretty nearly as short—I am not sure that it is not shorter than to Canso. They have actually laid their cable to Cape Cod, I think?—May I ask, do you suggest that the Germans would themselves have laid an alternative cable?

1986. I think it is highly probable?—Our answer to that is that the amount of traffic from Germany would not justify her in laying two cables.

1987. But at any rate your explanation of the opposition is not sufficient to prevent the laying of this cable—it is not justified by the event?—Because we hold that our views have not been carried out. We hold that we must not be criticised for a failure which does not arise directly out of the recommendation which we made. Our recommendation has not been adhered to.

1988. The points that you adhere to are the landing rights to Canso?—And in Waterville. The landing rights in Canso have already been given, and the Commercial Company feel fairly confident that they are going to get landing rights at Waterville. They have brought the American Ambassador to their aid.

1989. You combine the two, the landing rights in the Dominion and the landing rights in the United Kingdom?—Yes. May I add that the Commercial Cable Company would not themselves, according to their own showing, have entered into this arrangement with Germany if they had not for their own purposes required another cable across the Atlantic. If they had never entered into arrangements with Germany they would have laid a cable direct from Canso to Ireland, but with this arrangement with Germany in view, they said, "We will lay our new cable from Canso to the Azores, and thence to Waterville, and therefore without any expense to ourselves we shall give the Germans the alternative route which they require."

1990. (Lord Onslow.) Just one question bearing upon that. Do you remember writing a letter on July 30th, 1898, to the Foreign Office, in which you prophesied that it would be impossible to prevent the Germans ultimately getting a line that touched upon British soil. I think Mr. Lamb showed great foresight. Is not that rather a singular prophecy?—I must not deny my own statements, but I should like to see the whole letter.

1991. (Sir John Ardagh.) Can you explain why the Portuguese Government were opposed to the German proposal to lay a line from Emden to Vigo, and Lisbon, and to the Azores?—Well, we did not understand that they opposed the laying of the cable to Vigo, but they opposed the extension of that cable to Lisbon, and they did it on this ground: They argued that if a connection were made between Vigo and Lisbon, Vigo would become a centre of communication with America. Now they wished to reserve that centre to themselves, and they therefore said: "We cannot allow the connection between Vigo and Lisbon, but we have no objection to a direct cable from Germany to the Azores, because that gives us the centre, it establishes the Azores as the centre of communication."

1992. Would they have objected to a direct cable from Emden to Lisbon?—No, I think not, unless their agreements with the Eastern Telegraph Company made it impossible for them to agree.

1993. I was just going to ask you if you thought that the Eastern Company had anything to do with the decision in the case of the Vigo-Lisbon Line?—I am not sure.

1994. The Eastern Company have a large telegraph establishment at Vigo, and a still larger one at Lisbon which are very important stations to the Eastern Company in both those places. Do you not think that the Eastern Company communicated their views to the Portuguese Government?—I am sorry I do not know. I think that the Eastern Company would have been willing to carry, over that cable between Emden and Vigo, traffic for any part of the world, because it would have been in their hands, but the Portuguese objected because they would not have secured the position as the centre of communication which they have now obtained with regard to America.

1995. But Vigo would be taking to a certain extent the position which the great junctions at Lisbon now occupy?—That was their view.

1996. But it could not have been to the disadvantage of the Eastern Company that a line should be laid from

Emden to Vigo and from Vigo to Lisbon—it would all tend to throw traffic eventually on some of their cables?—Yes, I think that view is right.

1997. I should like to ask you a question or two about the estimates which you gave as regards cost. I am not quite clear about it, but I think you supplemented it to a slight extent this morning. I should like to ask an additional question on that. You say that including the cost of laying, the cost of a cable would be from £1,000,000 to £1,100,000. That I take it is from the United Kingdom to Bombay?—To Karachi.

1998. By the Isthmus?—Yes.

1999. And does this include the question of dealing with the Isthmus transit financially?—No, it is merely material cost.

2000. That would represent first cost of laying. Well then in addition to that you give as an estimate of the cost of maintenance £40,000 a year for the whole?—Yes.

2001. Then as regards the working expenses you begin, I presume, by interest on capital expenditure, the provision for laying?—Yes.

2002. Do you include that in your working expenses?—I do not include that in the maintenance of £40,000 a year.

2003. But apart from the maintenance, which would be only keeping the cable in working repair, besides that you have the working expenses of the staff and so on. The first item of the working expenses is interest on capital, is it not?—Yes.

2004. I do not know whether you have included it?—Well I rather ask to be excused from giving any estimate of working expenses, because the Post Office has not the necessary knowledge to enable it to give a useful estimate.

2005. We are rather in a difficult position as regards that. It is necessary to make a comparison between the cost of the land lines and the cost of the cables?—Apart from interest I suggested that perhaps the two might be taken as equal. The mere cost of staff and office expenditure might be taken as equal on both lines. But I made that suggestion with great diffidence because, as I say, we do not possess sufficient knowledge.

2006. There is still a further item which it is necessary to take into account and that is renewal. In both the land lines and the cables you set aside an insurance fund for renewals?—I think you would have to do so. I have not calculated that.

2007. And that would be naturally and properly a charge upon the working expenses?—Yes.

2008. Have you any idea of the relative cost or the absolute cost of the renewal fund in the case of a cable and the renewal fund in the case of a land line?—No. I have not worked it out.

2009. Could you say in a general way that one would be equal to the other, or that one would be very much greater than the other?—I think the renewal of the cable would be more expensive than the renewal of the land lines.

2010. That is to say, you would want a larger reserve fund?—Yes, I think so.

2011. In the answer to one of the questions, 1748, you say that by the restraint—the restraint which the International Convention enables the associated members of it to exercise—Russia does not compete with our cable communications to the Far East on their land lines through Siberia?—That is so.

2012. And would it be in your opinion a more economical route to send messages by, we will say from Great Britain to Peking by the land line or by the cable?—Under present arrangements the charges are the same, but by a land route I think you could send messages cheaper if you had the entire control.

2013. Well practically the entire control is in the hands of one State?—Yes, that is so. Russia sends her own messages to Peking at a very much lower rate than we could send our messages.

2014. And Russia could afford, if she was not bound by the Convention, to go on and multiply the wires to the necessary extent and transmit the China messages at a considerably lower tariff than is now paid

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for the submarine cables and over the Russian lines in consequence of the Convention?—We think that is so, and we think that Russia is doing a service to the British Empire in refraining.

2015. From reducing the tariff to a half or a quarter what it is now?—Yes.

2016. Which would practically have the effect of killing the whole of the submarine telegraph communication with China?—That is the view of the Post Office.

2017. That is a distinct advantage that the Convention confers upon us?—We think so.

2018. Now referring to the Valentia-Waterville question, have you formed any definite idea as to what it would be now most advantageous to do in regard to the permission which the Germans have asked for—to give it to them or not to give it to them?—The Cable Landing Rights Committee, of which I am a member, has recommended that the transfer should be allowed. They say that the transfer of the Emden-Valentia cable to Waterville should be allowed, but with the condition that the German Telegraph Administration join with the British Government in giving the Anglo-American Company and its allies a wire across the North Sea, in one of the Anglo-German cables, and a continuation of that wire through England and Ireland to Valentia.

2019. To the Anglo Company?—Yes.

2020. And a right to collect messages in Germany?—May I explain that the word "collect" has a very technical meaning in telegraph affairs. It means the actual taking of messages over the counter, and in that sense the Cable Landing Rights Committee and the Foreign Office are not pressing Germany to allow the Anglo-American Company to collect messages.

2021. What would be the advantage to the Anglo of having a through communication with Germany if they are not allowed to collect messages?—No company is allowed in Germany to collect messages in the technical sense, which I have explained. The Commercial Cable Company are not allowed to collect them, and all that the Anglo Company really want is to be allowed to have messages which are ordered to go by their route. They wish the German telegraph administration to receive from the public messages ordered by the Anglo route and to respect the orders of the senders.

2022. But is it conceivable that the German telegraph administration would consent to any message from a German office being enforced to go by the Anglo Company when they subsidise their own line?—They have now expressed their willingness to agree.

2023. Have they?—Yes, they did object at first, but they have now expressed their willingness to agree.

2024. Then there is a reasonable probability of the Germans acceding to the terms on which the Cable Landing Rights Committee has recommended that the transfer from Valentia to Waterville should take place?—Yes, there is.

2025. Are there any other outstanding points between this country and Germany in regard to the landing rights?—There are no other outstanding points in which Germany is directly concerned, but there is the question of the cable from the Azores to Waterville in which the Commercial Cable Company is primarily and directly concerned, and in which Germany is indirectly concerned.

2026. It is conceivable that refusing landing rights to the German Government for a cable from Waterville to the Azores may result in their laying a second cable from Emden to the Azores. Which of those two consequences would be most advantageous or least disadvantages to us?—Well, that depends upon the point of view from which it is approached. From the point of view of the strategical position, it might appear better that we should have as many cables landed in this country as possible, but from the point of view of the relations of the Government of this country to British enterprise, I think that if you refused the landing rights at Waterville you would be able to say to British enterprise that you had not facilitated foreign competition with them.

2027. Yes, but the result of acting on that policy has been that the British enterprise has been killed by the laying of a direct line through the Azores?—No, I am not sure of that. I think the effect so far has been to give British enterprise a protection which it will not get when this cable from the Azores to Waterville

is laid. For example the new direct German cable has been broken twice, and on both occasions the messages were sent by the British cables. But if you have a cable from Waterville to the Azores, and the new German cable is broken, the messages will then come to the Commercial Cable Company, and go through Waterville and the Azores to America.

2028. (Lord Onslow.) Or direct?—They cannot go direct if the direct line is broken down.

2029. But from Waterville they can go direct across to Canso?—I beg your pardon, that is so.

2030-1. (Sir John Ardagh.) If the bi-partite agreement is concluded by which the consent to transfer the cable from Valentia to Waterville is given, and the Germans consent to the joining of a through line from Germany *via* the Anglo system, it would be open to anyone in Germany to send by the Anglo as well as the Commercial?—That is so.

2032. As regards your opinion as to the manner in which cable communication has recently been completed in China; a line has been laid from Shanghai into the Gulf of Pechili, calling at Kiao-chau, Chee-foo, and Wei-hai-wei to Port Arthur?—Yes.

2033. That line has been laid by the Eastern Company for the account of the Chinese Government?—Yes.

2034. Do you think that that is a better arrangement than the alternative proposal which was also considered, namely, the laying of the line by the Eastern as part of their system with a Government subsidy?—I am afraid I cannot express a very useful opinion upon that. I have not lately looked at the documents relating to it. I think the immediate advantage was that the Treasury were relieved of the necessity of giving any subsidy.

2035. But no doubt you will consider the question whether being relieved from a subsidy is not sometimes rather a disadvantage than otherwise, that is to say that being relieved from an annual moderate sum you sacrifice the possession of a very large property?—That might be so. But I hope you will forgive me if I do not express an opinion, because I have not present to my mind the whole facts of the case. I only know in general terms what was done.

2036. You I presume, would consider it more advantageous that that cable should be laid by a British Company than by a company belonging to some foreign State or by the Chinese themselves?—Yes, I should feel that.

2037. And the personnel which works that company being the personnel of a company which has its domicile in England, would be a more reliable personnel for our purposes than that of a foreign company?—Yes, I think so, decidedly.

2038. So that there are some considerable advantages to be gained by consenting to an enterprise of that kind, and even permitting it?—Yes.

2039. A cable was laid lately from Saigon to Amoy. Do you know anything about that; it was laid by a French company or the French Government, I do not know which?—I know that such a cable was laid with the permission of the Eastern Extension Company and the Great Northern Telegraph Company of Denmark, who both hold that they have exclusive rights in China. But we understand that they have made such arrangements with the French as will safeguard their interests.

2040. This new Saigon-Amoy cable is in point of fact a branch of either the Great Northern or the Eastern Extension—it is pooled, I presume, with those two companies?—I think there is some such arrangement. As a matter of fact it will work directly with the Great Northern.

2041. The Great Northern getting down to Amoy before?—Yes.

2042. Do you see any objection to that cable on the part of the interests of His Majesty's Government?—I do not see any ground on which the Government could effectively object.

2043. What they could do would be that if the Eastern had decidedly made up its mind that the laying of this cable was going to be a serious disadvantage to it, it would have remonstrated with our own Government, and asked them to maintain its exclusive landing rights in China; as it has not done so we may presume that there is no material disadvantage to the Eastern Company?—We understand distinctly that the Eastern Extension Company have secured themselves against any disadvantage.

2044. Are there any other cables in that neighbourhood, or any other routes upon which you think cables should be laid?—I do not know of any in that part of the world.

2045. The present all-British route to Shanghai is by Labuan?—That is so.

2046. Would it not be desirable to connect the Labuan station with the Australian line?—I think there might be some advantage in it, but I do not think that such a connection is urgent at all.

2047. You do not consider it urgent at the present moment?—No.

2048. It would give a more direct route for messages from the American Continent for China, *via* the Pacific cable?—Yes, it would.

2049. Are you aware that any cable is about to be laid from the United States coast westward to the Philippines or Japan?—I am aware that projects have been discussed frequently in America, but I have no information that sanction has yet been given for any of those projects.

2050. A substantive offer was made by a private company to make a cable from Samoa to Japan, was it not?—That was so.

2051. That, of course, would compete with our new Pacific cable?—It would.

2052. On the other hand, it would form a fresh alternative route, so that the commercial community at large and the military and naval requirements of the world would be increased by that or by any new cable laid across the Pacific?—It would as far as Japan and some other islands in that sea are concerned, but not as regards China, because I understand that an American enterprise could not get the right to land in China, the exclusive rights being in the hands of the Eastern Extension and Great Northern Companies.

2053. Do you think that the Great Northern and the Eastern Extension Companies will be able to maintain exclusive rights?—I think they will for the period of the concession. They are strongly supported by Russia. The interests of the Eastern Extension and the Great Northern Companies are at present practically identical, because they have a joint-purse arrangement, and the Great Northern Company is intimately associated with the Russian Government. The Great Northern, although a Danish company, is working practically under the wing of the Russian Government.

2054. (Chairman.) Do you want to supplement anything that you have already said?—Yes, in speaking the other day of what Germany herself says she gets out of the through rate to India, I said that on her showing it was 10 centimes instead of 20 centimes, which is the amount assigned to her under the International Convention, but I omitted to say that Germany could scarcely expect to receive twenty centimes because she does not perform the whole work. The lines belong to her, but part of the work is done by the Indo-European Company.

2055. (Lord Harcourt.) About the Convention, is it not the case that when the Landing Rights Committee give licences it is one of the terms of the licence that the company becomes a party to the Convention?—That is what the Cable Landing Rights Committee is seeking to enforce. It is encountering some difficulty, but it does wish to enforce it and hopes to do so.

2056. Has it not been enforced in many instances?—In recent cases the Landing Rights Committee has been obliged to make a concession of this kind: It has had before it the case of an Atlantic Company and it has felt constrained to say this: "We shall not compel you to adhere to the International Convention until we can make your rivals adhere also."

2057. And as to the licences that have been granted before the formation of this Cables Landing Rights Committee, do they not contain the term that the companies will conform with the Regulations of the Convention?—In some cases they do, in others not. Wherever there is competition with other companies who are not under the Convention, then a condition compelling the newcomer to adhere was not insisted upon.

2058. Supposing this country chose to denounce the Convention what would be the position of the companies, would they on their own initiative become parties to the Convention?—They could declare their adherence: only States can become parties, but the companies could declare their adherence.

2059. Without the Government of this country having any power to prevent it?—Quite so.

2060. That would be an additional reason to the evidence you gave the other day against denouncing the Convention?—I think so.

2061. If we denounced the Convention, and still had not power to prevent companies declaring their adherence to the Convention, the denouncing of the Convention would be of very little use?—Yes, I am inclined to agree with you.

2062. I put it to you, I am rather inclined to think that the Convention has a great many obstacles to the successful working of our cable system, but, at the same time, it seems to me that if we have not the power to compel the companies not to adhere to the Convention, it is very little use as a State denouncing the Convention?—Of course, it is conceivable that whenever a company came to you for fresh landing rights, you might insist that it should bind itself not to adhere to the Convention, just as now you are seeking to insist that it shall adhere.

2063. That is only for companies that come in the future?—That is so.

2064. New companies or companies which require fresh landing rights?—That is so.

2065. Are there any important alterations in the Regulations, which could be proposed at the Conference, which would benefit this country? I understood from your evidence, the other day, that on the whole you looked upon the Convention as being as nigh perfect as it could be?—I am sorry if I conveyed that impression. At every Conference this country has proposed some modifications, and the view of the Post Office is that as time goes on there will be always something that wants mending. At the next Conference, for instance, the Post Office has proposed that use public shall be allowed to use letter cypher and send five letters to a word. At present the public cannot send letter cypher; they can only send cypher in figures.

2066. (Chairman.) But it does not seem to me from your evidence that you think it matters whether it is desirable that the amendment is made now rather than 10 years since?—That is not at all my view.

2067. And the Convention knowing it, the others make their own terms?—You might perhaps argue so, but, as a matter of fact, it is not so. The Conferences are rather eager to introduce reforms, and they are decidedly in favour of low tariffs.

2068. (Lord Harcourt.) Has it ever struck you that a letter tariff would be preferable to a word tariff?—We have considered it on many occasions, but we have never seen our way to propose it. We do not think at present that it is in accordance with the practice or wishes of the mercantile community for one thing. They have at great expense provided those so-called "codes" based on words, not on letters. If we were starting with a perfectly clean board we might take a view in the direction which you have indicated.

2069. Is it not probable that it would tend to reduce the expense of telegrams? I quite understand that probably for mercantile purposes it would not, but for the ordinary private telegram—there are numbers of people sending short telegrams consisting of 25 letters, and you probably have to pay for a telegram of 10 or say 8 words?—We do not think that a case has been made out yet; that is the view of the Post Office.

2070. It has been considered, but on the whole you do not think a strong case has been made out for it?—Quite so.

2071-2. I would like to ask you a question about urgent telegrams. Do I understand that the same arguments that you use against deferred messages apply equally to urgent messages?—We think that a different set of arguments applies there. We think that the objections to deferred telegrams are chiefly objections that may be raised from the side of the administrations and the companies. But with reference to the urgent telegrams we think that the objection is more from the point of view of the public, who would practically find that they were getting nothing better than ordinary messages at triple rates. That is the universal experience in every country where urgent messages have been adopted.

2073. (Lord Harcourt.) Do you think it would be practically impossible for a company honestly to send an urgent message? I mean would it be impossible for a company to despatch an urgent message any quicker than an ordinary message, or do you think that the company would not act honestly and would

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send the urgent and ordinary messages simultaneously?—They would act honestly.

2074. Surely then the urgent message would arrive the quickest?—Certainly.

2075. Why did you suggest that it would arrive at the same time as the ordinary?—Because in course of time the company, instead of improving its service, and providing additional means of communication, would feel that it had sufficiently met the case of the important and wealthy merchants by accepting those urgent messages, and generally the service would deteriorate.

2076. Take the example of the Indo-European Department and the Joint-Purse arrangement; the Government of India are prepared to guarantee a large sum of money in order to reduce the rate. The Indo-European Department think that urgent messages might help to increase the revenue, and so reduce the liability of the Indian Government. Do you not think that it is rather hard that we should not be allowed to try urgent messages because the Post Office object?—The Post Office object from the point of view of the public: they quite understand that it would be very agreeable to the companies, and to some of the administrations, to receive a higher rate for transmitting the messages.

Mr. JOSEPH RIPPON, called; and Examined.

Mr.  
J. Rippon.

2081. (Lord Onslow.) You are the general manager of the Direct West India Cable Company?—Yes, and of the Halifax and Bermudas Cable Company.

2082. Perhaps you will just tell us about it. Your cable runs from Halifax to the Bermudas, and from the Bermudas to Turk's Island?—Yes, and from Turk's Island to Jamaica.

2083. That is a little over 2,000 miles in length?—Yes, altogether.

2084. And it has been in existence how long?—The Halifax and Bermuda Cable was laid in 1890, but the other part from Turk's Island to Bermuda was laid in 1898.

2085. What has been the effect on rates of laying the cables?—The effect has been to reduce the rate from Halifax to Bermuda 50 per cent., and to other islands eastward about 28 per cent. and upwards.

2086. What is the condition of the communication between England and the British West India Islands? How is that worked?—Between England and the West Indian Islands?

2087. Well, just describe the course?—You cross the Atlantic by any of the Atlantic cables to Halifax, and from Halifax to Bermuda, to Turk's Island and Jamaica, all on British territory. Beyond, we connect with another system; the West India and Panama Company commences there, and their lines run eastward from Jamaica to two places on Puerto Rico. Thence one set of cables touches all the islands until ultimately British Guiana is reached. After you leave Jamaica you commence touching foreign territory; for instance, from Jamaica to San Juan, Puerto Rico, you take American territory, and from San Juan to St. Thomas, Danish territory, and from St. Thomas to St. Kitts, British territory; and from St. Kitts to Antigua you are on British territory; but from Antigua to Guadeloupe you get into French territory, and from Guadeloupe to Dominica you are in British territory, and from Dominica to Martinique you are in French territory, and from Martinique to St. Lucia you are in British territory again.

2088. But after that the cables do not touch anything but British territory?—No, it is all British from there. The second set of cables from Jamaica proceeds to Ponce, the south side of Puerto Rico, which is American territory, and then goes to St. Croix, which is Danish, and from St. Croix to St. Lucia, which is British. The British Islands east of Jamaica are reached through foreign territory. The effect of laying the Direct West India cable on rates—coming back to that—has been a saving to senders in the first year of something like £26,000, and in the second year of £16,000, since the cable was laid in 1898. The reason I mention that is because we were assisted by the British Government to go down to Jamaica, and it has had that good effect of saving all the subsidy that we have asked for, in cable rates.

2089. And the West India and Panama, how is that owned?—That is a British Company, and it is owned, I think generally in this country. It has an enormous

2077. The Indian Government asked that the Treasury should share the guarantee?—Yes.

2078. The English Government refused, and the whole liability falls upon India?—Yes.

2079. The whole risk. Still you think in the interest of the public the Post Office is justified in preventing urgent messages being introduced?—But you are seeking to give with the one hand and take away with the other. The merchant and the general public are now asking for a reduction of rate, and, as the Post Office understand it, you propose to say to them, "we will give you a reduced rate for comparatively slow messages, but we for your business messages charge you three times that rate," which would be more than they pay now. If you ask the merchant in Manchester to pay more than he pays now he will not think that you have been meeting his case in this reduced rate.

2080. But he would not pay if you do not give him some advantages. You stated also the other day that you were quite confident that the rate to India would be reduced. Was that a conclusion based on the natural tendency of events, or because you knew that the Indian Government were prepared to guarantee the companies against loss?—The Post Office did not think a guarantee should be given, but thought that a reduction would come by its own weight.

capital of nearly one million and a third, and in the first days it seems to have had rather an unfortunate life with regard to the laying of its cables. The laying of the cables, according to reports, was not successful in the first instance, and they have not worked well since.

2090. It does its work, and it carries the messages handed to it?—It carries the messages handed to it, but there are frequent interruptions even since we have been connected with it. We count no less than 22 interruptions of various kinds since 1896, and we find that when we refer to their records there has been an average of nearly £17,000 a year expended on repairs to this cable.

2091. I do not know that that greatly concerns this Committee. So long as the cable is there it is rather an affair of this company. Do you make any complaints of the efficiency of the cables?—No; from our point of view we would rather that the cables worked well, because then the revenue would be uninterrupted. But perhaps it would be well if a line of cable was run beyond Jamaica, so that you would have your strategical points connected up as far as St. Lucia.

2092. That is a cable that would not touch at any intermediate points?—Yes.

2093. Do you suggest that it should not touch at any intermediate island, I mean either British or foreign?—I would take it in deep water between Jamaica and St. Lucia.

2094. Is your company disposed to undertake such an operation?—Not without assistance, because already you have a company working, and we could not enter into competition with the business in the West Indies without help.

2095. Supposing that this Committee should consider that it is desirable that there should be an all-British cable in the West Indies, can you suggest to us at all the terms on which the company would be willing to undertake it, for I understand that with assistance you would be prepared to do so?—In the form of a subsidy as hitherto, but how much that subsidy should be I am not prepared to say to-day.

2096. Much depends upon that. But you are not prepared to say anything about the amount?—I should not like to say to-day. I am not prepared at all. Hitherto whatever subsidy we have had from the Government has been quite repaid. For instance, before we laid the cable between Halifax and Bermuda the Government were paying for steamship communication something like £17,500 a year. Now, in place of that we go right down to Jamaica, twice the distance, for less money.

2097. I do not know whether your company would be prepared, under any conditions whatever, to give communication between Jamaica or, as you say, Bermuda, and those parts of the British possessions in the West Indies and countries which have no communication now. Have you considered that point?—We have only considered it generally. I have down here various places which are not connected.

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2098. Will you kindly state what they are?—The principal islands in the Bahamas, excepting New Providence, the capital of which is Nassau, which was connected to Florida by cable in 1891.

2099. That cable ends at Nassau, and goes no further?—Quite so; it was laid by the Nassau Government, and it was made for and maintained by them.

2100. Now go to British Guiana?—Nassau is the only place we have connected in the Bahamas. Great Inagua, which is a very important place, because all steamers coming home pass through that channel, earnestly seeks cable connection.

2101. Yes, but they can communicate?—They do not use the Turk's passage. When they pass through the Windward passage they pass through the Crooked Island Channel. The new line of steamers, which has been inaugurated between Jamaica and England, the Elder-Dempster, would like to use the Mariguana passage, which, they say, is more direct.

2102. Between them and Turk's Island, or between them and Acklin?—Mariguana is situated above Crooked Island, and they are prepared to use that. As all these channels are used by ships outward and homeward bound, it seems to me that you want a connection from Turk's Island to Inagua—it is a short line.

2103. And from there to Cuba?—Of course we should like to take it on to Cuba.

2104. Commercially it would be of very little use?—I do not think it would support itself. It is about 183 miles, and it could not support itself, but if you take it on to Cuba it would be all right.

2105. That would not fulfil the condition of connecting the Bahamas Islands amongst themselves?—No, it would be connecting the one most needed at present. Then British Guiana, there was some talk of a cable between Georgetown and Morawhanna.

2106. Then we come to British Honduras, you get Jamaica to Belize; there is no cable now?—There is none there.

2107. British Honduras is in communication with the land lines?—No, it is not. The Mexican land lines have got to Valladolid on the Mexican side. I have been there, and I should not like to trust my life to the lines in Mexico. It is a swampy country, and the lines are not very safe there.

2108. What other British colonies are there without telegraphic communication?—After you leave Belize the small places all the way down the bight want connecting up.

2109. You are speaking strategically—there is no commercial demand?—None at all. I am speaking strategically. That finishes British Honduras. I have mentioned Belize and there are besides about six places in the bight. If you go to the Windward Islands you will find that Grenada is connected with St. Vincent and Trinidad; but Carriacou, the chief island of the Grenadines, only about 25 miles from Grenada, is not connected by telegraph.

2110. The cable passes close by?—It is within 25 miles. Then Tobago is not connected, and it is only 25 miles from Trinidad. Then in the Leeward Islands there are connections required, such as Anegada to Virgin Gorda; Tortola to Virgin Gorda; Virgin Gorda to Anguilla; Anguilla to Barbuda; Barbuda to Antigua; Antigua to Montserrat; and St. Kitts to Nevis.

2111. That exhausts the British possessions not connected?—That is the whole of the British isles in the West Indies.

2112. Do I understand you to say that you have contemplated in a practical manner the cost to your company to do this?—No; I can hardly say that.

2113. Have you got any evidence of a public demand in any of these places—any petitions presented or desires made known to you?—We are receiving frequent requests to bring our lines down to various other parts of the West Indies.

2114. Is that request accompanied by an intimation that they will pay for it?—They offer us their subsidies. But we would much rather work in association with our rivals than compete. The subsidies at one time given by the West Indian Islands were as high as £24,600 a year, but at present they are about £11,000 only.

2115. If the old figure was resorted to, would that be a sum that you could lay the cables for?—Not out and out, but the further contribution required from the British Government would not be very great. There

are other places, such as British Honduras, which have not come under those subsidies at all.

2116. Apart from the places that have no communication between each other or the United Kingdom, is there any complaint at the present time of the rapidity and accuracy of the service between Jamaica and St. Lucia?—So far as we can make out we think that the speed—the time of transit—is slow. We know this, for we have an agent in Puerto Rico, and we take the time at which a message is handed in and the time of its arrival at Jamaica, and then we get also messages from Barbados.

2117. Take one at a time; between Puerto Rico and Jamaica?—We have found that it has taken a very long time between Puerto Rico and Jamaica.

2118. How long?—From 11 minutes to 7 hours.

2119. Can you explain the reason of that?—I have no reason whatever. All our lines between Halifax and Jamaica work direct, with human relay at Bermuda and our time is south 12 minutes and north 20 minutes. From other places beyond our system we have found it excessive at various times.

2120. Is there any re-transmission between Puerto Rico and Jamaica, or is it direct communication?—At Jamaica and Puerto Rico they must work direct. The cable is only 800 miles in length.

2121. One of their cables does not appear to touch anywhere?—They both go direct to Jamaica. They join on at Holland Bay to the land line. They work direct from office to office. I may say that the complaints from various places beyond Jamaica are more due to excessive rates, or as much due to excessive rates as anything else.

2122. There is already competition is there not? Does not the French cable preserve the islands from a monopoly?—No; the French cables go from New York to Hayti and then eastward to Guadeloupe and Martinique. To prevent them competing to any other stations than those two islands the Panama Company inaugurated a block rate, that is to say, they make the charges so high to the French company that they cannot accept messages for British West Indian Islands beyond Martinique and Guadeloupe.

2123. They differentiate?—They practically differentiate.

2124. Going on beyond St. Lucia what are the cable facilities to the East—beyond Barbados to the East?—From Barbados the line is laid to St. Vincent, Grenada, Trinidad, and British Guiana.

2125. And nothing beyond that eastward?—No. A cable was laid, but it broke down, and was never recovered. It was intended to go from George Town, Demerara, and then to Cayenne and Para, where it joined the Western Brazilian, now the Western Telegraph Company.

2126. There is no communication between South America and Africa excepting by the French line?—No, and that cable goes from Martinique to Paramaribo, Dutch Guiana, thence to Pinheiros, near Para, where it joins the Brazilian land line system.

2127. Have you considered the question of laying cables from the West Indies to Africa?—Only in a very informal kind of way. It has always seemed to me that a line from Barbados running down to Ascension would be strategically a good cable.

2128. I was asking your views upon the commercial side of the question?—Commercially, I remember having a little conversation quite informally and without any idea of carrying it on, with Mr. French of the Cape Telegraphs. Of course, that depends upon what you would do with the Cape traffic.

2129. Can you tell us how that Cape traffic comes to England?—How it could be got to England?

2130. You do not think there is any commercial future for a cable merely connecting South America with South Africa?—I think you could get some traffic out of it. I do not know how the lines in the Cape are to be worked. For instance the lines in South Africa are under the Government are they not?

2131. Yes?—Are they in the Cape Colony?

2132. Yes?—Could the Government send their messages on what line they think fit?

2133. Would there be any traffic from the United States via the West Indies, to Ascension we will say,



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and thence to the Cape—would that be commercially successful?—I could try to find that out.

2134. How does a man do if he wants to telegraph from New York to Johannesburg, does he send *via* England?—Yes; in the absence of the shorter line.

2135. The West Indian line?—Yes, at all events the West Indian line would be *ls.* to the good in competing for traffic.

2136. But there has been no proposal in the United States for making such a connection?—No, it has not been discussed. It has been in such a nebulous condition that I do not think it is quite right to discuss these matters until you are quite prepared to do them.

2137. Is there anything else you wish to inform the Committee upon?—I do not think so.

2138. (Sir John Ardagh.) Your company suffers I imagine mainly from want of traffic rather than anything else?—It could do with a great deal of traffic, but I do not think that it suffers very much because we have been excessively fortunate. We have never had a break of any kind, and in two years we have managed to put a very good reserve away, and altogether we have no cause to complain.

2139. It is not in an unsatisfactory way, but still if your line were connected with the larger and longer lines of the ocean they would be in a considerably better position?—There is no doubt about it.

2140. Now for instance in that connection it would be better for you to have a direct line from Jamaica to St. Lucia and from St. Lucia to British Guiana than to have a line touching at every point, which is liable to a good many delays and interruptions?—Quite so, that would be my object in getting a line through to Cape Town so that we could get a line through with about three transmissions.

2141. Have you ever contemplated the construction of a line connecting the northern coast of South America with the Portuguese Islands, a line, for instance, from Trinidad or the Grenadines or Barbados to the Cape de Verd?—No, I have got a line on my map from Barbados to Bathurst.

2142. You have chosen Bathurst because it was a British possession?—Yes.

2143. But practically, inasmuch as the line of communication with the Cape now goes through Madeira, St. Vincent, and Ascension, for all practical purposes it would come to much the same thing if you joined on to that line at St. Vincent, or Cape de Verd, as if you joined on at Bathurst?—To all intents and purposes you would put in an extra section.

2144. Would there be any advantage in that for a commercial cable?—I should not think so. I have never considered taking a cable to Cape de Verd because it is not British.

2145. Well, the fact is that the new cables to South Africa by that route, Madeira and Cape de Verd, have only been laid in the last year?—That is so.

2146. So that the circumstances have altered in the last year?—That is quite true.

2147. And Bathurst which once had a certain amount of importance as what a man may call a nodal station, as regards communication with West Africa has now been superseded by the new cable which has been laid by Madeira and Cape de Verd?—That is so, but in considering a connection of that kind, what objection is there to taking a line from Barbados to Fernando Noronha.

2148. The objection is that you would have only the local traffic?—You would get on to Ascension and get the Cape traffic, and then there is already a cable from Fernando Noronha to Pernambuco which would yield Brazilian traffic.

2149. Has your company considered an extension of that line?—Only as lines that might be considered hereafter. You could get a very good working cable through to Ascension if there was no objection to calling at the Brazilian station, a very quick one, because there are tolerably short sections, and it would be a useful section even for British traffic, because the difference of time between New York and the Cape would practically place traffic from the Cape into Halifax to be sent over the Atlantic cables at a quiet time. That is a great consideration in the working of that line.

2150. But I put it to you that the further you go southward with your extension the less your line is likely to take of itself any direct traffic between the

British Islands and the West Indies. If you have a line from St. Vincent to Trinidad, or to the north coast of South America, you run a very fair chance of getting some of the West Indian traffic instead of its going round by an Atlantic cable—by the Bermudas and Turk's Island and Jamaica, and arriving, say, at Trinidad or at any of the North American companies in that way?—But that would be taking traffic from our West Indian cables and bringing it home *via* Cape de Verd from the West Indies. The object is to strengthen, not weaken, the West Indian system.

2151. But you have no alternative now?—There is an alternative of course, by Cuba and the States.

2152. That is what one might call a rival alternative?—Yes.

2153. But if you were to persuade the public to extend your system to a line across to the Cape de Verd, then you would have an all-British connection which would be in your favour for the whole of South America?—You cannot get traffic out of the Cape de Verd, and such a connection would not give an all-British connection.

2154. The indirect traffic from Great Britain?—But you want that to go over our present West Indian cables.

2155. You desire to get it by one line?—Most decidedly, because there is not sufficient to keep two.

2156. Our desire from a military and naval point of view would be to have alternative lines?—So you would have by the routes I have mentioned.

2157. And I contend that it would be profitable to you to extend your line in that direction?—It would be more profitable to take it *via* Fernando than *via* Cape de Verd.

2158. It would be a shorter cable?—About the same length of cable, but we should be getting to the Brazilian coast connection, and then to Ascension, where you come in for the Cape traffic.

2159. Now the financial position of your company is not quite as satisfactory as it might be if it had a larger traffic?—Of course, the more money we have the better we are off.

2160. (Lord Onslow.) Is the cable full?—No, we could take a lot more—any quantity.

2161. (Sir John Ardagh.) Do not you think that your line is capable of very considerable development if it were connected with the adjacent lines?—Yes, I admit that. It would be practically life to us. It is exactly the thing you want on your cable. At present we are only working for a few hours of the day, and if you can work the whole of the 24 hours it is all the better.

2162. As regards your adjacent and communicating cables, what terms are you on with the West India and Panama?—At present I am afraid things are not in a very satisfactory condition. They are unable to freely co-operate at present—that is for the exchange of telegrams for Great Britain—because of an agreement with the Cuba company (that is the company along the south side of Cuba), claiming that all telegrams not specially directed must be handed to them.

2163. Is there solid ground for that claim?—I might mention also, if I might, that they not only say that they must have all unrouted messages, but they claim that the Panama company must pay their tolls as well as ours on a message directed *via* Bermuda. The validity of that agreement is now the subject of litigation.

2164. In which of the Courts?—It has been in the Chancery Courts before Mr. Justice Farwell, and the case was given against the Panama in favour of the Cuba company, and it was then taken to the Court of Appeal, and the appeal has been dismissed. Now that is twice against the Panama and in favour of the Cuba Company, but I do not know what they are going to do now. What they have to do now, if they mean to go on fighting the agreement, is to take it to the House of Lords, and whether they are going to do it or not I do not know.

2165. Has the Cuba company its domicile in London?—Yes, at 58, Old Broad Street. It is an English Company, and they claim that under the old agreements made in 1870, but which, I think, as far as I know, expire in 1910, they claim that all messages must be handed to their company—in fact, they say that their company was formed for the purpose of taking off

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messages. It seems to me that they are taking a very hard standing, because a cable was absolutely necessary for the British Government—from Halifax to Jamaica—for strategic purposes. If you remember, our cable was laid just before the Spanish-American War, and it was practically the only line working.

2166. Do you think that there was a distinct advantage at that time in having a direct telegraph communication with the West Indies. It seems to me now that all the British Companies in the West Indies instead of pulling together are wrangling and pulling apart?—Undoubtedly the direct cable was a decided advantage to everybody. Only the Cuba and Panama companies are wrangling. We are waiting until this unfortunate litigation is over.

2167. The West India and Panama, as I understand, is not in a very good financial position?—I should say that it is not in a very good financial position. It seems to have been unfortunate almost from the beginning. They are highly capitalised, they have a million and a third capital, and a system of 4,639 miles of cable.

2168. And the Cuba Company, what do you say about that?—They have always been doing well. They have always been taking the cream from other traffic. Until we got our cable to Jamaica they were receiving very high rates. They have got a capital of £220,000; about 1,162 miles, and they have got a reserve fund of £132,000.

2169. They are in a very satisfactory financial position then?—It has done very well. They always seem to me to make it profitable, and with regard to the litigation that I was speaking of, with regard to their enforcing their contract now, so far as we know, I think I am quite right too, in 1896, when the French had laid their cable to Hayti, they took a cable on from Hayti to San Nicholas, and to Guantanamo, close to Santiago de Cuba. They had no outlet for any of their traffic, and the Cuba Company gave them an outlet. The Panama Company objected; I am only speaking from what I believe did happen, that the Panama Company did give way. They did not want to take business away from their co-partners, and allowed the Cuba Company to give the French Company the outlet at Santiago for their messages. Now the Cuba Company insist on the fullest recognition of their claim.

2170. Is there any prospect of an amalgamation between those three British companies?—I do not know. I think it would be probably a very good thing if it was brought about. They want someone to step in and do it some way or other.

2171. Our point of view is that between Jamaica and St. Lucia, both of which are military and naval stations, the communication is rendered precarious by the large number of points at which the intervening cables touch?—That is so.

2172. And it has been represented to us that it is extremely desirable to have a direct cable between Jamaica and St. Lucia?—Yes.

2173. Has that ever been taken up by your company?—Except in an informal way it has never been studied closely, but it could be done for a sufficient inducement.

2174. It apparently is somewhat trespassing upon the preserves of the West India and Panama, is it not?—It would do that.

2175. The natural thing to do would be for the West India and Panama to take up that line?—In that case they would have to come to us with their messages from St. Lucia; would that be brought under that contract with the Cuba Company?

2176. In the public interest would not it be desirable that the Cuba Company and the Direct West India and the West India and Panama should all combine to work together?—Certainly. And we have made repeated efforts with that object.

2177. In your evidence you stated that the island of Tobago was not connected with any telegraphic system?—That is so.

2178. Have you ever entertained the question of providing a line there?—No, we have never had it under serious consideration.

2179. That is in the West India and Panama district?—Yes, if we took the cable to St. Lucia, I think we should be pressed to go on.

2180. You would run a line down to Tobago and Trinidad?—We have been continually asked to take our lines on to those places. But if we do, what does it mean?

2181. Are there any conditions which prevent your company from competing with the West India and Panama?—None whatever.

2182. There is already a certain amount of competition by the French lines?—Very little.

2183. Excepting so far as the agreement of what one may call mutual abstention?—The only case where the French compete with the Panama Company is Martinique and Guadeloupe, the two French islands. The French Government took away both the subsidies and the traffic from the Panama Company.

2184. But after all, Martinique and Guadeloupe are only branches of a large French system which goes down the whole north coast of South America?—That is so, to Para.

2185. This is independent of local traffic?—It might be called so, but, of course, in the West Indies you have to build up your traffic at all points.

2186. Whereas the West India and Panama, and to a certain extent your Company, is a good deal dependent on local traffic?—It is entirely dependent upon West Indian traffic.

2187. One method of making a distinct and separate connection between St. Lucia and Jamaica would be by cutting out the communication on one of the cables at Ponce and Santa Cruz?—Yes.

2188. Is there any objection arising out of contract or agreement to that cutting out?—No, so far as our company is concerned.

2189. You can hardly answer on that question?—There must be communication to Puerto Rico; they would keep the communication by the other route.

2190. Of course you have observed that the second cable touches very few places?—That is so.

2191. And what other contractual obligations they might have might be fulfilled by the first cable?—That is so. I think the Ponce cable was laid in 1870. You have to consider that nearly all the West India and Panama cables have been at work from 1870, and how far they can be relied upon I do not know, and I should not like to say.

2192. Supposing that the Direct West India announced an intention of laying a cable from Jamaica to St. Lucia, it would be in the power of the West India and Panama to stop them by saying, "we will handicap your proposal by simply cutting out Ponce and Santa Cruz"?—I do not think they would do that—they would not do that.

2193. Why should not they do it? They have got the alternative cable as the Chairman has said?—I do not think that they would like to lose any of their places because they would want the traffic.

2194. But the threat would be sufficient for you?—I do not think so if we could get proper terms to lay a cable.

2195. (*Admiral Custance.*) The cable from Fernando to Para, what is the nationality of the cable now?—It belongs to the Indiarubber Gutta-percha and Telegraphic Works Company.

2196. Is it a British or a foreign cable?—It is a British cable, and it was laid by the Silvertown people to connect on to cables laid to Cadiz, and from there to Tenerife, the Canaries, to St. Louis, French Senegal. That cable was first laid by the Silvertown people under contract with the Spanish Government as far as the Canaries, and then with the French Government from the Canaries to St. Louis. They wanted traffic for that cable, and they took on the cable from St. Louis to Fernando, and then to Pernambuco, where they joined on with the Brazilian land line system.

2197. With reference to the cable to St. Lucia, you could lay it provided you got a Government subsidy?—I think so.

2198. Could you lay cables to any of the other islands without a subsidy, if you got a cable to St. Lucia with a Government subsidy, would it be worth your while to

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lay it to the other islands without any further subsidy?—Not to the smaller islands, but all those islands give subsidies.

2199. You would require their subsidies?—Yes, and probably that would be sufficient. What I should like

to know is what system you would like us to make, and we would consider that system, and what subsidies there are forthcoming, and what the best means of making the connections would be. That would be the most satisfactory way.

## TENTH DAY.

Thursday, 16th May, 1901.

### PRESENT :

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*).

The MARQUIS OF LONDONDERRY, K.G.  
The Right Hon. R. W. HANBURY, M.P.  
The EARL OF HARDWICKE.

The EARL OF ONSLOW, G.C.M.G.  
Major-Gen. Sir J. C. ARDAGH, K.C.I.B., C.B., R.E.  
Rear-Admiral R. N. CUSTANCE, R.N.

ROLAND WILKINS, Esq., *Secretary*.  
J. H. LINDSAY, Esq., *Assistant Secretary*.

Mr. JOHN HENNIKER HEATON, M.P., called; and Examined.

*Mr. J. Henniker Heaton, M.P.*  
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2200. (*Chairman*.) We know that you are a Member of Parliament, and have given a considerable amount of attention to questions of communication by submarine cables amongst other things?—Yes, for the past 23 years.

2201. And you have also attended, as a delegate of some of the Australian colonies, at more than one meeting of the International Convention?—Yes, I have.

2202. I understand you desire to make a short statement, which you have prepared, to the Committee before we ask questions?—Yes.

2203. Will you kindly put your views before us?—As I have stated, I took an interest in cable communication in 1870, when it was proposed to establish cable communication with Australia. I met the various representatives there, and took part in getting them the subsidies from the Australian Governments. Now the statement I desire to make is this: A glance at the map will show, as I have so often repeated, "the cable net of the world is the nerve centre of the British Empire. From a space measurable by yards within the city there radiate actual material tangible lines of communication reaching to Vancouver on the one hand and to New Zealand on the other. The cable system of the monopolising companies is so arranged that it is impossible to lay any competing lines (with one exception) with any expectation of profit. I say that there is no more delightful occupation than a study of the possibilities of the uses to be made of the electric telegraph, and there is nothing more irritating than the knowledge that the obstruction to its general use is the existence of a cable monopoly controlled by men who exploit this beneficent invention—the common property of mankind—for their own selfish profit. Monopolies, as being opposed to the public interest, are discouraged by the law and obnoxious to public opinion. But the cable monopoly is the creation of very able men, the ablest of whom was unquestionably Sir John Pender, Chairman of the Eastern Telegraph Company, and various American cable companies; and it is so fenced about with contracts, subsidies, reserve funds, and capital that it is difficult to strike a fair blow at it." I once described Sir John Pender as an octopus—

2204. I suggest to you that that is not quite germane to our inquiry; I object very strongly to such statements?—This will lead up to my proposition how to deal with the matter.

2205. I do not wish to interfere with your statement, I have not seen it; but I shall have to exclude things which will prejudice our inquiry?—You will bear with me for a few minutes, and you can strike out afterwards?

2206-7. You may proceed just now at any rate?—I say the companies have wires to India, the East Africa, and Australia; they form a kind of "pool," and maintain a "corner" in International telegraphy by which they exact from long-suffering humanity an annual tribute, limited not by their conscience, for they have none, but by prudence. They act like vampires, which, though they suck freely from the veins of their victim,

leave just enough blood in his body to keep him alive, and insure themselves another meal. The British Government and some Continental Governments, a few years ago, bought the submarine cables between England, Germany, France, Belgium, and Holland. Their first Act was to reduce the rates from 2½d. to 2d. per word. The result was that 300,000 more words were sent in 1890 than in 1889, and the increased revenue to the Post Office on this branch of the service amounted to 47 per cent. When through competition the telegraph rates between England and America were reduced from 1s. 8d. to 6d. per word the business done increased 140 per cent. in eight months. Then Sir John Pender came to terms with his rivals, and 1s. per word was fixed as the minimum rate to America. I want to point out that he does not deserve, and you cannot give him, the full consideration of an inventor, and I want to give an instance.

2208. I really cannot take that. It is quite impossible, and it is contrary to all rule. I have given you a certain amount of indulgence by allowing you to make the statement rather than getting it from you by the evidence I have before me, and you must be guided by my interpretation of the reference to us?—Entirely. I have no feeling in the matter, but I am acting for the public good. The whole directors of one company are the directors of the other, and the whole thing is a monopoly. You do not think it is a monopoly?

(*Mr. Hanbury*.) Do you mean the Eastern, the West African, and the Eastern and South African?—I say that in this list of directors of one company they are also shareholders of the other.

2209. I know?—You have that before you.

2210. Yes, we have that?—Then the next point I desire to show is that those various companies own 60,000 miles of cable. In my judgment, dealing with the American cable is part of our scheme, because nearly all the telegrams for Canada go through the United States. I want to point out the policy, therefore, of working with the American Government in any scheme for the purchase of the cables. Can I do that?

2211. (*Mr. Hanbury*.) What cables?—In any question of purchasing the cables the American and English Government should join forces. There are 100,000,000 and more of English-speaking people in the two countries; 160,000 emigrants leave here every year for America; a great many going to Canada. I had something to do with purchasing the cables between here and France, and between here and Germany. I maintain that the same could be done with America, and I repeat that it would be good policy to do so, because so many of our own English people are there, who send over in Post Office orders to their poor relatives a million and a quarter per year.

2212. (*Chairman*.) Are you going on with the statement?—Well, I say that it is high time to change all this; to recognise that since the first cable was laid the Atlantic no longer exists. What I propose is that the British and American

Governments should jointly acquire the property and rights of the existing cable companies at a fair valuation, and establish a common State monopoly in cable communication. They should then establish a tariff of one penny per word, and the result would be a prodigious development of trade and an immense increase in the happiness of the masses. I would impress on the Committee that this will never be a great Empire until we in London can speak to the people of New Zealand as cheaply as we can speak to the people of Ireland to-day. It is abundantly clear that electricity will now be increasingly, and soon exclusively, employed for the transmission of thought. Time is money, and a great trading nation which substitutes telegraphy for writing can save centuries of time in a single year. It takes two months now for a Londoner to write to an Australian and get his reply. As Charles Lamb says, it is like writing for posterity. Now I shall say no more upon that point, having already handed in some statistics of the cable communication of the world, and addressing myself to one important matter—the purchase of the cables. In the year 1888 I read a paper before the Royal Colonial Institute upon the postal and telegraphic communication of the Empire. The meeting was crowded, and there was a large number of Eastern Telegraph Company people there.

2213. I would rather that you would go on to the merits?—The question of the purchase of the cables was brought up. Sir James Anderson, the right-hand man of Sir John Pender, the Deputy-Chairman of the Eastern Telegraph Company, made an attack upon me, and he made use of those remarkable words which will guide the Committee on the question of purchasing the cables: "With regard to what Mr. Heaton said about the Government control, I claim to have been the first to put that into his head. At Berlin"—(where I was with him)—"I proposed the substance of a plan with which Mr. Heaton was very much pleased, and if that plan were adopted the Government might take over the telegraphs, paying 4 per cent. on the present capital, and, keeping up the present tariff, they would have a quarter of a million to do what they liked with. They could reduce the tariff one-half and still make a profit. Private companies cannot do that." I think that is a very valuable testimony by the Deputy-Chairman of the Eastern Telegraph Company in favour of the Government purchasing the cables. I now desire to read further from the speech of Sir James Anderson in regard to the strategical importance or otherwise of cables: "I have just one word to say about war"—

2214. I think I would leave that until I ask you some questions upon it. I should like to take you back to the membership of the International Telegraph Convention. At how many meetings have you been present?—Two.

2215. Which two were you present at?—At Berne and Berlin. At Berlin I represented the Australian Government.

2216. On these two occasions whom did you represent?—I represented Tasmania.

2217. How long did the Convention sit?—We sat for six weeks.

2218. Did you come away with an impression favourable to the deliberations and to the importance of the Convention?—I found at the Convention about 50 representatives, and only about three or four British representatives, although we had control of 70 per cent. of the cables.

2219. Do you think that the Convention is a practical and useful body?—I think it exists for the Eastern Telegraph Company. For instance, there was a number of the States, such as Luxembourg, who had no interests at all in the matter that I could see, and they outvoted us on every occasion.

2220. It is said in favour of the Convention that there are different interests of different countries, and that the Convention is a means of systematising and making uniform regulations about codes, and to some extent tariffs and the machinery of carrying on the business of cable communication throughout the world. On these points do you or do you not think that the Convention is serving a useful purpose?—No.

2221. Why not?—Because everything that they do common sense would dictate, and public opinion and the British Government could do with its own cable companies, because they could not land a line without our authority.

2222. Of course it is important that the regulations as to the receipt of telegrams, the number of words that may be sent, and the tariff and general regula-

tions all over the world should be made, is it not?—Of course.

2223. For that purpose the Convention does serve a useful purpose, does it not?—Yes, except the undue control of foreign Powers—the unfair proportion, I mean.

2224. What do you mean by the undue control of foreign Powers?—We made a number of propositions.

2225. Who are "we"?—The English present there, and we found that the Convention, in plain language the people in the Eastern Telegraph Company and their satellites' pay, did everything the company wanted. For instance, I will give you one particular point: We desired to get rates to Egypt known as "European" rates in place of "Extra-European" rates. You know that the rate to Faou, at the head of the Persian Gulf, 3,300 miles from here, is 6½d., and to Egypt it is 1s. 7d.

2226. Which is the rate quoted at 6½d.?—From here to the head of the Persian Gulf by the Turkish line it is 6½d. We wanted to get it to Egypt for at least that. An Egyptian representative announced that that would be done, and that he wished to do so. Within 24 hours Sir John Pender took such measures, and brought such force to bear on the whole of the Convention and every little State, that they were like marionettes in the place, and forced Egypt to retreat from the position, and to re-establish the extra-European rate.

2227. At which Convention was that?—At Berlin.

2228. Which Convention are you now speaking of?—At the Telegraph Convention held at Berlin in 1885.

2229. What is your opinion upon the balance of advantage or disadvantage—whether this country gains or loses more by adhering to the Convention?—It gains nothing, and I would not belong to it for an hour after we had bought the cables between here and the Continent. There is nothing to be done. We are always bringing up the Cable Convention as a reason for not carrying out improvements.

2230. You see no advantages in it?—I can see nothing to be gained by it. If I felt there was anything to be gained I should consider it. The only thing I felt was that we might have control of the cables in time of war by this Convention, but we found that that was excluded, and they held a separate Convention of the Governments of the world upon that.

2231. Do you not think that, having once joined the Convention, if this country were to withdraw, it would find, especially in land lines and places where landing rights have to be got from other countries, that they would place difficulties in our way which they do not now do?—None at all. We own—the respective Governments own between here and France and Holland and Belgium the cables, and there are no landing rights to be raised anywhere.

2232. But these landing rights are not in all cases given in perpetuity?—These cables now are owned by the Governments of France, England, and Germany.

2233. Some are no doubt, but there are certain points in which it is important to acquire rights to land upon soil which is not under the dominion of the British Crown. Do you not think that if we withdrew from the Convention we then might find a greater difficulty in getting privileges or in having them continued than by remaining in the Convention? You understand I am expressing no opinion?—Nothing, no; everything we have got—every port on that map. There is absolutely nothing that we can want which would not be got without that Convention. It certainly would not be refused to England what would be given to an English private company. We own everything. The respective Governments of the world are now owning everything and equipping the cables and doing everything where they can.

2234. Apparently the goal at which you want to arrive is that international communication should be owned, I suppose, by the respective Governments?—So strong am I on that point that I have had for the last five years on the notice paper of the House of Commons (after my conversation with Sir James Anderson agreeing to sell to the British Government) that I put a motion in words you are probably familiar with for the purchase of the cables. The words are: "That it being advisable to put an immediate end to all cable monopolies, the British Government (or the Home and Colonial Governments jointly) should forth-

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with in the interests of the Empire, acquire at a fair price the rights, plant (and other property, if any) of the existing cable companies; that the price paid should not exceed the market value of the cable companies' shares on the date of the appearance of this proposed resolution in the paper; and that the State (or the Imperial cable administration), when possessed of the cables, should aim at no profit on the transmission of cablegrams, but should charge rates low enough to allow of the despatch of the largest possible number of messages by all classes, after providing for the cost of maintaining the cables and the service generally in an efficient condition; the cost of any extension of the cable being met by a further investment of State funds."

2235. I notice in the first instance that you only say "Home and Colonial Governments"?—Yes.

2236. You do not in this motion deal with the question of international purchase?—No.

2237. But surely you can hardly expect such a country as Portugal—we touch upon many points on Portuguese soil between here and South Africa—to agree to such a proposal as this. They would want to know something about it, and to have some power of controlling interest in it?—You are aware that the only line now owned by a private company is that to Spain. I am watching the termination of that contract, and we understand that Spain and Portugal will agree with us. We will take over, I hope, the Spanish line from here to Spain, and work with Portugal at the same time on the same terms as France and Italy.

2238. Can you say yes or no? Is your policy purchase by the British Government and the Colonies, or is it international purchase?—I will say now for the first time an international purchase, because we succeeded so well with the purchase of the lines between here and the Continent.

2239. Would you purchase all cables that are laid from different countries to each other all over the world?—Well, that I am not prepared to say. I should certainly purchase all the principal lines. I have every line in the world before me and the length of each.

2240. Have you formed any idea—I have no doubt you have—what amount of capital, assuming that the terms were arranged to suit yourself, this would take?—Yes, I have got it exactly, and I have seen the contracts. There are at present in the world 150,000 miles of cable, and while one expert has put the capital at thirty-six millions, I have put it at forty-five millions.

2241. Would you hand in a list of the cables that you refer to as purchasable in your opinion on fair terms for forty-five millions. I cannot discuss the details of any particular scheme, of course, but am I right in understanding from the terms of your resolution that in fixing the suggested price you have taken the market value of the cable companies' shares on the date of the resolution on the paper?—Yes. On the date when it appeared on the paper.

2242. There would have to be an international board of control, would there not?—That would be absolutely necessary for the Governments concerned. I do not think there is any control in regard to the international cables we own now, short as they are—those between here and Germany. The agreements are delightfully simple. Each Government constructs a line to the other countries and owns it and then they reverse. There are four to France, and I think they own half. The Governments unite in management.

2243. I shall not take you over the details of these, but do I understand it to be part of your policy that communication by the cables is to be done below cost price?—I call attention to the evidence of Sir James Anderson, who says that they can be reduced one-fourth.

2244. But I want your own opinion. Do you suggest that international communication by cable should be carried on by Governments below cost price?—No. May I say that I have got before me and worked out the carrying capacities of the cables?

2245. I will not take that at the moment. I want to pursue the line of thought you gave us, and I understood you to give an instance first in New Zealand, and then in Australia of very low tariff rate, 4d. was it not?—Through the cable. What I said was a long land line transit of 1d. a word.

2246. Do you suggest to us by the calculations which you indicated a moment ago that it is possible to tele-

graph to Australia or to New Zealand at 1d. a word and pay the cost of maintenance even without making us profit?—Not at the present moment, but directly. You could not plunge into it instantly.

2247. Supposing your scheme was carried out and the Governments owned the cables, what do you think it could be done for now?—If you will pardon me I will explain in a word that we must deal with the cable companies, in justice, before you touch the thing at all. I explained before Parliament here that the policy of the world is to have cheap telegraphy, chiefly by land lines. I pointed out that you travel all over the world pretty well by land. In Australia we send 3,000 miles for a penny and make it pay; that almost from here to India it is only 6d. per word under this wretched arrangement. Land lines can be constructed for one-fifth of the cost and have five times the carrying power, and it is only because I know it will be impossible for any Parliament to omit to take account of the work already done by cable companies, you feel you are bound to deal fairly with the cable companies.

2248. Would you look with equanimity upon a great extension of land lines capable of communication at the expense of submarine communication?—Decidedly.

2249. What effect do you think that would have upon the interests of this country, supposing we were at war with one or more European Powers?—I am very glad you asked me that question. I may point out that we are not at war with these countries twice in a century, and when at war—I quote the words of Sir James Anderson: "I have just one other word to say about war"—this is the Deputy Chairman of the Eastern Telegraph Company—"The idea that the submarine cables could or should be relied upon in time of war is nonsense. I have taken every opportunity of saying so." After advocating the employment of fast cruisers, Sir James Anderson continued, "The Colony, or the merchant, or Government, or admiral, or commander-in-chief who does not arrange his plans so as to know what he would do when the cables were cut on war breaking out, is not fit to be at the head of the concern."

2250. That may be, but it is scarcely the point. You will agree I think in this that it is much less easy to cut a submarine cable in time of war than to interrupt a land line?—Well, it is certainly less easy to cut a submarine cable, but foreign governments are building vessels now to do it.

2251. I want to get from you—if you have not formed an opinion then I will not ask you—but do you, or do you not agree with me that a land line is much easier to interrupt than a submarine cable?—Easier, of course.

2252. Very much easier?—Very much.

2253. If you have a considerable network of submarine cables going by different routes, duplicated sometimes all along the same route, do you not think that there is at any rate a considerable chance by some means or another that cable communication may escape interruption in time of any war?—Yes. May I add that I do not conceive the possibility of England being at war with the whole world, and there is also a vast extent of land lines that we could use and equally effectually. It is one of my propositions to-day that you should work with the German Government, whose Postmaster-General is most anxious to work the land lines; and I have spent several hours in Germany with the Postmaster-General, and his Government has little cable communication over the world.

2254. You would not agree with me that a system of submarine cables properly thought out and organised following to a great extent the commercial lines of communication is a wiser preparation to make for communication in time of war than the friendliness of any country?—No, I agree with Sir James Anderson—that is nonsense. You would cut them all. I know that it is a very popular notion with Sir Edward Sassoon and his friends.

2255. I think you will find it widely held?—Very. That is the worst of it.

2256. Do you wish to say anything as to the preparations which you believe have been made by foreign Governments for cutting the cables?—Yes, I visit the Continent a good deal every year, and I have visited Austria and Germany and France, and I know I can bring evidence if necessary to prove that they are not only aware where all our cables and our cable ships are, but they have vessels specially adapted to cut the cables. I make that assertion without fear of any contradiction.



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2257. You do not carry it further than that?—No, it is not necessary.

2258. I understand you wish to say something to us in contrasting the rates between submarine cables and the rates by land lines?—Yes. I would like to point out one significant fact. The distance from here to India by cable is about 7,400 miles; the distance to India by the land lines by figures supplied by the Indo-European Company is 4,500 miles. The rates are precisely the same. The land lines cost one-sixth of the cables, and that can be shown by the capital of the Indo-European, and the land line has many times the carrying capacity of the cables, and yet the charges are precisely the same, because there is a joint purse, and some of the directors of the Eastern Company are put on the Indo-European Company. That is only one thing. I have extraordinary anomalies here. I have a list of them. 3,000 miles across Australia they charge 1d. per word by land lines. Then you are aware that from St. Petersburg to Vladivostok it is 6,000 or 7,000 miles, and it is only 4d., whereas it is 1s. 7d. a word to Egypt.

2259. But you know that is done by the Government, and we at any rate have no means of estimating what they lose by it?—Yes, I have found out that.

2260. You do not doubt that they do lose, do you?—Not the least. They lose so little that they say it is made up ten times more by the business and civilising power of the thing. I will undertake to get from the German Emperor the right to convey a land line, so far as his territory is concerned, to carry British business through his territory, or to make an arrangement to carry our telegrams, and to make an arrangement to construct lines specially leased to us to carry our business to India as our Indian mails are carried to-day by the Italian and French Governments from Calais to Brindisi. There is the commercial aspect, and the enormous trade. It is stupid to go on, because the thing can be done without the companies. We should arrange for it to-morrow, and the Postmaster-General could arrange with the German Government and the other Governments for land lines to convey our messages right away to China in one direction, and to Australia in the other. We have land lines now constructed right away to Rangoon and down to the Malay Straits to the point opposite Australia.

2261. From that answer you are not an apostle of the proposal to have an all-British, or Imperial system of cables?—I am out of patience with the idea of an all-British cable; it is madness, unless we are always in antagonism. I earnestly wish the Committee to dissociate trading, social and commercial, from war telegrams. You cannot combine the two, and the fact that we are so little at war with those foreign countries justifies us while maintaining to a certain extent the present state of affairs, in looking to the trading, and commercial, and social classes. The most awful thing of all is the enormous loss of time there is in writing to Australia. The fact, too, should be taken into consideration that only one message in 100 is a social message, and the rates are absolutely beyond the means of the people.

2262. There is between the suggestion you have made to us and the suggestion of an all-British or Imperial system of cables, a middle course which is to make cables, either land lines or submarine—specially submarine, for lines of commercial communication by whichever happen to be the cheapest and best routes, and to have as many of them as possible, and in time of war to rely upon some one or other—on some line of communication being left open. What do you say to that?—I think that it sounds very well, and I think it might to some extent be carried out. It is carrying Jingoism to an enormous extent to ask for an all-British cable. It is cutting our own throats.

2263. I expressly excluded all-British, my suggestion had reference to commercial routes which would probably be the best for private enterprise in time of peace, and probably the easiest for protection in time of war. What criticism have you upon that?—I do not wish to go fully into that, beyond stating that I have only devoted myself to one thing, that is commercial lines and land lines as commercial lines, and I do hope that that will be the policy advocated by the Committee. You cannot ignore the magnificent cable services, nor avoid using them to a very large extent.

2264. (Mr. Hanbury.) Is your scheme for 1d. a word a submarine or a land line?—A land line.

4462.

2265. How will that apply to Australia and America?—Because you will go from here to Australia—I do not say to carry it for 1d. at once—but you will see you get to Australia with only a few stepping stones on that map.

2266. What route would it be?—From here to Singapore down the Malay Straits. We have Indian lines which meet other Government lines.

2267. Can you work out your 1d. rate a little more fully?—I will take a penny rate to America.

2268. But that is not land lines. Let us confine ourselves to land lines. What you call a land line to Australia, a great portion of it would be land lines passing through of course the territories of a great many other states?—I have not suggested 1d. a word to Australia at present.

2269. Where do you suggest 1d. a word?—If we owned the cables, the carrying capacity of the present cables would almost justify carrying even at a loss on account of the business and the saving of time by owning the cables. I took the carrying capacity of the cables to Australia in comparison with the work done to-day.

2270. Is the 1d. rate based upon the carrying capacity of the existing lines, or would it involve fresh capital expenditure?—If I could wipe out with a sponge all the present cables, I would construct them for one-fourth of the cost, or alleged capital.

2271. Then your scheme depends entirely upon new cables?—You could, and would be able to do it.

2272. Let us work it out in figures. Take any place—we will say to America—about the 1d. rate?—You are now going to the cables. There are thirteen cables from the United States, ten of them are to this country. Those ten could easily carry 300 words a minute, that is 18,000 words an hour, or 432,000 words a day. There is 140,000,000 words. Now the returns to America show only 20,000,000 of words a year, which are sent at the 1s. rate.

2273. Yes, but your 1d. rate contemplates the cables filling to their carrying capacity, does it not?—We would annihilate distance. I cannot understand losing a fortnight in writing to America.

2274. If you have this very cheap rate, it must mean using the cables to their utmost capacity?—No; half or quarter of their capacity.

2275. What you have got to do is to show the purchasing price of the cables, and then the cost of the working, and say whether the 1d. messages will meet those two things?—Yes; of course I can. I worked it out with the engineers, and with those people in America who are uniting with us to reduce the rates from here to America. When it was down to 6d. it went up 140 per cent.

2276. I want the figures. It is no good having schemes in the air. You must show a sufficient number of messages at 1d. a word to recoup the cost of purchase, or the original cost of laying, and the cost of working; can you give us figures as regards America with reference to these things?—Yes, without any difficulty. It has been worked out repeatedly by experts in America.

2277. But you have not got it here?—I have got it here that the present lines are capable of carrying 140,000,000 words under the present system; if you duplex them they would make up 280,000,000 words.

2278. Take the present system, how many words could it carry?—280,000,000.

2279. That is about 1,000,000 a day?—That is not working on Sundays.

2280. But working 24 hours the other days, they carry 280,000,000 of words?—Yes.

2281. So that would mean a little over £1,000,000 a year at 1d. a word?—Yes.

2282. It is a little more, is not that so?—Yes.

2283. Have you calculated how much of that £1,000,000 would be spent on the interest, the price of the cables with maintenance and sinking fund and of working?—Yes.

2284. Well, how much?—The yield is now from 7 to 17 per cent. on American cables.

2285. That does not quite answer my question?—Their present income is £1,000,000 a year.

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2286. That is at existing rates, that may be?—But the carrying capacity of the cables is so much greater.

2287. Now let us go step by step. What is the cost of the existing cables?—I calculated it out. I can work out the exact cost of the American cables. The calculation of the cost is £15,000,000 and the real value is £5,000,000; that is if a sponge were to wipe them out. There is a lot of watering and plundering.

2288. We cannot use the sponge so freely. This is a word system is to be a Government system after the purchase of the cables?—The combined Governments.

2289. What are the Governments going to give for those cables?—I have not got that calculation before me. But I know the American.

2290. But your system must be based upon figures?—It is based on 280,000,000 words a year.

2291. But that necessitates knowing what it costs and the life of the cables and the cost of working?—We have calculated the present interest. The present revenue is £1,000,000 a year. At 1d. a word we calculate it would make £1,000,000 a year.

2292. What is the present cost of working?—I know they are very profitable. They keep 10 idle—9 or 10 idle—in order to keep out competition.

2293. It is necessary to have these facts, but you think that the thing ought to be done for a penny a word—are there any facts and figures which bear out that assertion?—My facts are these—that the present number of words, and carried at a large profit, are 20 million words a year; that the carrying capacity of the cables at a penny a word would bring a larger revenue than that.

2294. It would bring 280 million words at a penny, which is more than a million?—Yes.

2295. But you have not answered out the other side of the balance-sheet, as it were, what you are going to pay for the instrument that is going to carry them, and what the cost per annum will be?—I am prepared in the general scheme with the number of miles of cable in the world I have placed before the Committee there; and the value of the cables of the world purchased under the arrangement drawn up by Sir James Anderson.

2296. (Lord Onslow.) Is that so? Is that capital or the purchase price, the value you put upon them?—I think it comes to the same thing, they vary in cost so much, and they are constructed at half the cost of what they were when they commenced.

2297. (Mr. Hanbury.) Assuming that your scheme of purchase were carried out, would you have any preferred messages at a higher rate?—I am not prepared to answer that question.

2298. But you said time is money, and how about commercial messages? There would be a large number of messages where time was money, whereas domestic messages are not of that nature?—That detail can be dealt with afterwards. I would not allow social messages to interfere with commercial messages unless there was urgency. What I would like to tell the Committee is that I have communicated with the Governments of the Colonies as to the revenue from Government and official messages. There are 60 Colonies and dependencies of the British Empire, and I have communicated with the Home Government and the Indian, African, and Australian Governments, and looked through the estimates paid by the British Government now on telegraph service, and I find an enormous sum which can be devoted, which would be at the service of the Government if they had their own telegraph system. For instance, India spends over £20,000 a year in messages; the Australian Government an enormous sum; and in New Zealand, during the Government of Lord Onslow—he will bear me out in this—a very large sum indeed was spent on telegraphing messages. The sum expended would go largely towards the purchase of these cables. It is something amazing the sums of money spent.

2299. You have given the suggestion of a penny a word and you leave it there; it has not been really carried out?—I have not put it forward at the present stage. It would be stopped if we were to purchase to-morrow and introduced the penny. I say that is the goal I aim at. I am not so stupid as to go and buy the cables and say they will get a penny a word, but I say an enormous reduction could be made.

2300. Take the case of America, what reduction could be made at once?—At once, in America, I think a penny to America could be made at once.

2301. That is what I am asking?—But not to Australia.

2302. But I purposely limited myself to America, because that seemed to be a case we could deal with, where there are 16 existing cables at present. You say that the rate could very well be a penny, and I wanted the facts upon which you based that statement?—I think I have given the Committee sufficient information upon the present work, the carrying capacity of the cables, and their present revenue, paying so well, and the enormous advantage to the people of sweeping away a fortnight of time by the communication of almost everything by cable to and from America.

2303. (Lord Onslow.) Is there any evidence whatever based upon increased traffic by the reduction of rates which would bring up the number of messages from 20 millions to 280 millions? Have you any sort of figures which you could give us to show that such a thing could be expected?—I think most of the letters would be telegraphed, and I judge of the enormous increase of telegraphing to all parts of the world. It may not be done instantly any more than the penny postage was done quickly; but letter-writing will become very old-fashioned.

2304. You say we are ripe for a penny rate to America to-day?—To-day I would say.

2305. And therefore you would expect on giving a penny rate that there would be 280,000,000 words instead of the 20,000,000 words?—It is like the penny post—it would take some time to bring it to that point.

2306. (Mr. Hanbury.) But even assuming that you have got these 280 million words sent you have not worked out what that is going to cost or whether that penny rate would pay?—If the 280 million words would be carried on the same wires as the present in place of 20 millions we have our case established, and if the revenue is exactly the same the case is established. There will be a number of extra men employed—that is operators employed in telegraphing.

2307. (Lord Onslow.) We have some practical experience of the sixpenny rate?—Yes.

2308. Was there such an increase of traffic as to make it pay?—I am glad you have mentioned that. It was reduced from 1s. to 6d., and the increase was 145 per cent. in two months.

2309. (Mr. Hanbury.) Either you can give us those figures or you cannot. Assuming that you have got this very large increase of messages it would be about a million a year. What is the cost of procuring that revenue by the cost of cables and by the cost of working—that you have not worked out?—But my present contention is that the companies themselves would lose nothing by coming to a penny.

2310. Where have we foreign landing rights besides on Portuguese territory?—We have no foreign landing rights.

2311. Except Lisbon?—That is all. Spain—a company—we hope will come in directly.

2312. Do you suggest that Portugal should be a joint owner with us of the cables touching at Lisbon?—Yes, just the same arrangement as we have with France and Germany.

2313. The fact is that you would not have any all-British route anywhere?—Nowhere. I think it is ridiculous. I was unfortunately one of the company who established an all-British cable to Australia. We did it simply to force the Eastern Telegraph Company to reduce their rates. Mr. Raikes, Postmaster-General then, and four others of us formed a company to do this very cable now being constructed. We thought it ridiculous then to run up the whole of the American coast past San Francisco to Monterey by sea when by putting up the landing on United States soil we could run up a land line of 1,500 miles at £60 a mile instead of paying £300 a mile.

2314. Have you considered the effect of the Convention upon this proposed reduction of rates? You know the rule of the Convention as to competing lines?—Yes.

2315. What do you propose to do with regard to that?—I would give the Convention six months notice to terminate. The Convention is based very much upon the Postal Union arrangements, where we have two rights under Article 21, I think—that is, to make arrangements with any one of the parties to the Convention by giving notice of entirely independent rates to the other contracting parties, and to make any restricted arrangement of that character between any two that you are not to



affect the others. That is one of the things in the Convention, or by giving six months' notice to withdraw altogether if you are not satisfied. It is only fair with regard to the land lines to say that the companies allege that they cost £60,000,000, that they have been laid down 15 and 20 years, and many of them are supposed to require repair and renewal. You do not require any evidence of the extraordinary increase of telegraphic arrangements, of the great growth of telegraphs. Australia is a remarkable instance of it. I would like to give the Committee this evidence. To-day, so far as the returns show, we spend £1,300 a day in telegraphing to Australia; we spend £1,200 a day in telegraphing to Africa, independent of the war; we spend £1,000 a day telegraphing to India. We in England spend £1,000 or £2,000 a day telegraphing to China and the East; we spend £3,000 in telegraphing to America. The enormous sums spent to other places is a subject which the Committee will no doubt take into consideration as if it was one business concern, and in calculating the possibility of communicating from this nerve centre, London, to all parts of the Empire, the figures I have given will no doubt be important.

2316. (*Sir John Ardagh.*) With reference to withdrawing from the Convention, would it not be defensible to have an international arrangement of some kind as regards the transmission of telegrams between one country and another?—No. It is most important, and it worries me beyond anything that we have not opened communication. We have never entered into communication with any of those foreign countries, who are so anxious to facilitate and work with us in regard to the cable communication of the world, we have never yet held a convention with any foreign country. We held a little meeting with the officials of France, Germany, Holland, and Belgium, as to the working of it. But we have never held a meeting with foreign Governments in reference to land lines to India. It is worth everything if you can only do that.

2317. I understand your expressing a desire to withdraw from the Convention to mean not withdrawing from amicable discussions with foreign countries as regards the details of transmission of telegrams, but withdrawing from those clauses which restrict reduction of rates?—I am much obliged to you. It is most important that I should make that clear. It is only withdrawing from this bogus convention, this telegraphic convention, and transferring your conference between your Governments and the Governments of the countries who complain to me that you have never held a meeting. For instance, what I hope the Committee will recommend is this: That a convention be held by not only the foreign Governments, but India and Australia and England, and we should meet the Governments of those countries for transmission of messages. Now I am sorry to make this statement. We are elated and exalted over this Pacific cable, which I have supported so long simply to pull down the rates. Well, as long as the world lasts the natural route to Australia will be by India, although we are freely spending this large sum of money.

2318. May I ask you, with reference to the Convention, whether it would not be possible, without withdrawing from the Convention, to amicably retire from the binding clauses which prevent reduction of rates without interfering with the other clauses, which are admitted to be generally beneficial to the conduct of the telegraphic business of the world?—Of course, it would be a perfect idea in carrying out the thing, because it would be absurd to dash away the retaining of all that is good. But I do repeat that the conferring with the foreign Governments is the first duty for the commercial and the social advancement of the peoples of the British Empire.

2319. Can you give the Committee any example or analogy which would lead us to believe that a penny rate by land lines for a very considerable distance is likely to be realised?—Yes.

2320. I mean by a comparison, we will say half rates in the United Kingdom, and the rates in various countries in Europe?—Yes. I have been backed up by all the newspapers in this country, and I produce telegrams received on the proposal of a penny a word rate for telegrams to the Continent. I published that in the *Times* and the other papers, and they gave leading articles backing me up. For instance, Australia has six colonies, and we used to arrange penny rates, although another colony intervened, and they were separate before the time of the Commonwealth, just as separate as France and Germany, and they had different customs and laws.

2321. I should like to ask you how you propose to reduce the rates to India. You have said that the rate at

present is 6d. to Fao, and there is a British cable from Fao to India?—Yes; Lord Curzon put it at one shilling by leasing and working with foreign Governments, and paying them or their giving us a line or leasing a line to us. The Postmaster of Germany will provide a line to the next frontier, and another Government will take it up. A diplomatic proposal of that kind will be well received by any of those Governments. It is a pity that the Committee has not the network of Russian telegraphs on the map. It was sent to me—it is amazing the perfect system of telegraphy in Russia, and any of those lines they would place at your disposal.

2322. All that means that you have to come to a working agreement with a large number of the European nations?—Yes; three or four representatives sitting in a room like this would settle that, and I think be only too pleased to do so.

2323. That is another name for convention?—Yes.

2324. There must be a convention of some kind?—I think it would be necessary.

2325. If there must be such a convention, could not you work the present Convention to arrive at the result desired?—No; I have such a contempt for the present Convention because of the list of countries representing that Convention. Four or five is enough.

2326. You made a statement that the British were only represented, I think, by three votes?—Yes; when I was there Britain had two and the colonies two. There were a few of the colonies represented.

2327. I think you will find that it is the case, that so far from Great Britain and the colonies being represented by three votes that there are nearly 13?—I assure you that that is a mistake—that it was not so. There were 13 representatives, but only a certain number of votes.

2328. No; I think that each state and colony carries a vote, and that it is very hard in some cases. For instance, Russia only carries one vote and we carry 13; that is not a fair proportion?—Luxemburg had one vote, and I do not know where it is. It is so small that you cannot see it in an ordinary map.

2329. I think you contemplate entirely neglecting the material interests of the present cable companies if you enter into competition with them by land lines. You would kill the Eastern if you had a land line all the way to India?—Absolutely.

2330. And you would do that without any compunction?—No; on the contrary I again repeat that it would be madness even to think about it; it would not be tolerated. But I would bring them to their senses. I would carry my resolution to buy them out, and I would rely entirely upon the deputy Chairman, Sir James Anderson's, statement that they are willing to sell, and his assurance that incidentally we could reduce the rates one-fourth. I think we ought to pin him in any negotiations for the purchase of the cables to his words.

2331. Did Sir John Pender endorse Sir James Anderson's statement?—Yes, he did at in conjunction with him. On two occasions when at Berlin, and again at the Royal Colonial Institute, where he used the remarkable words I referred to, "the substance of a plan with which Mr. Heaton was very much pleased, and if that plan were adopted the Government might take over the telegraphs, paying 4 per cent. on the present capital, and, keeping up the present tariff, they would have a quarter of a million to do what they liked with. They could reduce the tariff one-half, and still make a profit."

2332. Those are Sir James Anderson's words?—Yes. Those who know him, and who know the reputation that he has, know that he was the mouth-piece of Sir John Pender.

2333. This monopolistic association of companies which you have such a poor opinion of after all was quite prepared to act very liberally towards the acquisition of all its cables by the State?—I do not call it liberal. I could give some astounding quotations out of their writings as to their monopoly, but I do not pretend to go into it. I do explain the reason why they placed it before us, and further Sir James Anderson read the pamphlet.

2334. (*Lord Londonderry.*) I want to read one of your articles in which you proposed to dispense with the cable companies on the ground that they will not give us cheap Imperial telegraphy, and your alternative was to utilise the existing land lines. Do you adhere to that proposal?—Quite.

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2335. Do you think that the Government of this country should rely for telegraphic communication with India on German, Russian, Persian, French, Swiss, Austrian, Servian, and Turkish land lines?—Undoubtedly.

2336. In the case of the mails which are sent through France and Italy, do you recognise that in an emergency a new mail route by sea could be quickly improvised, but do you think it would be possible to quickly manufacture and lay an alternative cable?—No, it would not, but we have this, I think, to bear in mind. We have had numerous cables already, and I am dealing with the present state of affairs.

2337. But how with an extremely cheap service by land would it be possible for the companies to maintain their cables? Do you propose that they should be subsidised?—No, I hope that the Committee would buy them out, and terminate them. I had something to do with the purchase of the cables between here and France, and I was amazed how much freedom there was abroad in arranging terms. In those cases the time had run out, and it was a large property, and the French wanted to continue the arrangement.

2338. I am only alluding to the British cables. Sir Edward Sassoon said to this Committee that a sum of between four and five millions would purchase the cables. Now, how far would his sum go?—I could not take his estimate. As a first step I would take the purchase of the Eastern Telegraph Company, which supplies 60,000 miles, and I do not think it would be done under 15 or 16 millions; even that alone.

2339. You have heard it stated that the market value of the British companies alone amounts to over 25 millions?—Yes.

2340. Do you believe that?—No, I think 20 millions.

2341. If those cables, many of which land on foreign territory, were taken over by the Government of this country, have you considered how they could be worked in foreign countries?—Yes.

2342. Do you think that the British Government would be able to employ its officials in the same way as the British companies are allowed to employ them?—Absolutely, and get a written assurance. The only one they make so much of is Portugal. I have been at most of the places in Spain, and at the ones on the Spanish coast they are only too glad to let us do what we like.

2343. You deny that there is any strong objection on the part of foreign Governments to allow the State officials of another power to work telegraphs on their territory?—Absolutely for telegraphic purposes. It is just the same as retaining the officials of an ambassador. We dealt with that at this great meeting at the Colonial Institute.

2344. I have heard it stated that in the very last concession for a cable on Portuguese territory there is a provision that in the event of the cable becoming the property of a State Department or Government the landing rights shall immediately terminate. What do you say to that?—I should undertake to say that in two hours I will get from Portugal any right you want, not exceeding the present right held by the Eastern Company.

2345. There need not be any reason to apprehend any danger on that score then?—No; it is too ridiculous to suppose so from your own knowledge of the friendly relations with the Portuguese. I do not think that any foreign Government would refuse our money or trade.

2346. Do you think it is to the interest of this country that British enterprise should be withdrawn from the provision of this means of communication, and that it should be allowed to fall into the hands of the foreigner?—Certainly not; all my proposal is to purchase the cable.

2347. You have proposed the formation of a British Imperial Telegraph Union?—Yes, certainly, with the Governments of the British Empire. We have never had a meeting with India, and Australia and India would construct a line.

Lieutenant CARLTON BELLAIRS, R.N., called; and Examined.

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2359. (Chairman.) In considering the subject referred to us we had our attention directed to a lecture and some writings of yours which deal with, at any rate, some of the points which are remitted to us, and on that account we asked you if you would be willing to come and state your views to us. I think in discussing the subject you agree that there are some points on

2348. In an article in the "Nineteenth Century" of June, 1899, you say: "I would establish a British Imperial Telegraph Union similar to the British Imperial Postal Union, which is born, though not made." Is that so?—Yes.

2349. Then this Union would be a union of land lines, I suppose?—Of course, that would be one of the ideas; but such a line with the three Governments of the colonies and all the British will freely pay into a common "pool."

2350. But these land lines are lines going through France, Germany, Russia, and various countries on the Continent. How could you have a British Imperial Telegraph Union in connection with such lines?—They are over our own territories; you cannot change the face of nature. It is of the highest importance that the colonies should join with England for commercial purposes.

2351. How would you come to terms with those various Governments? Would it be to their interest to have an International Telegraph Union?—It would be first the Imperial Union, because you would have a lease from those Governments. I still hold that it would be commercial, and in peaceful times the first duty of the British Government is to make an arrangement with the International Governments. Then you would have a subsidiary arrangement with your own colonies called "The British Telegraph Union."

2352. How would you propose to persuade those various countries to carry out this cheap rate?—You could do so to-morrow, if you pay a visit to Germany and Vienna. And I have the authority of the German Postmaster-General to say that he does not want anything to do with companies, and he would be very glad to work with the British Government in regard to telegraphic arrangements.

2353. Did he authorise you to make that statement?—Yes; to tell you personally, I made the communication to him. Further than that, I brought him into communication with Sir Edward Sassoon, who was delighted. And it is the desire of the German Government to work with you.

2354. (Chairman.) Have you anything more to say?—You are so well informed that it is not necessary to say much. You have heard my plan to reduce the rates. I mentioned the carrying capacity of the cables, and I dwelt a good deal upon it. I apologise for attacking the companies or for using any strong words.

2355. Is there any point which you would like to touch upon?—I will just say this. I presume you do not require any evidence as to the extraordinary anomaly of the rates. I wish this point put forward. You are aware in building up the Eastern Telegraph Company you and other Governments have given heavy subsidies. Now the cable from Banjoewangi to Australia is 1,900 miles, and it was constructed by the Eastern Telegraph Company, and they receive £32,000 a year from the Australian Governments for that work as a subsidy. I say the half of that amount for 20 years would have enabled the Australian Governments to construct this line for themselves, and it would have been theirs to-day. That is a fact. That has been worked out, and it will show how much cheaper it is to purchase, as Sir James Anderson said, than paying those subsidies. The very first year I was in Parliament an extraordinary thing occurred. A line down the West Coast of Africa was constructed by a private company. The private company could not get a subsidy. Sir John Pender bought it, and got his subsidy the next week, and this subsidy we are paying to-day.

2356. (Lord Onslow.) Is that the West India-Panama?—No, it is down the coast of Africa.

2357. (Chairman.) Have you any other point?—No; I have no other point.

2358. (Sir John Ardagh.) Which company secured the subsidy on the West Coast?—The Eastern. I denounced it in Parliament. I forget the particulars, but the company that was sold to Sir John Pender was chiefly managed by Mr. Gray.

which there is a considerable consensus of opinion?—Yes.

2360. Such as that both in the interests of commerce and from strategical considerations a considerable number of cables is a great advantage?—Yes.

2361. And mainly, I suppose, for the reason that if

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one should happen to be interrupted in time of peace or broken in time of war you have an alternative route?—Yes, certainly, you have the communication.

2362. I suppose you would agree that it is not easy to forecast precisely in what part of the world the necessity of communication may arise?—Not by any means from a strategical point of view.

2363. Would you give me an example of that?—The one I chose was the one that occurred after my lecture, namely, at Taku. I chose that as an instance in the précis of my evidence. I do not think that anyone taking part in the discussion at my lecture could have prophesied that a cable to Taku would have been a strategical necessity in two months' time. The lecture was in May; the necessity for the cable arose in June.

2364. But by diverting cables which have been intended to be useful for commercial purposes connection was made, was it not?—The cables, I imagine, were ready stored at places like Singapore from all that I can find out. I only know that at second-hand. The existing companies just had the resources ready. That might not be the case always unless we insist upon the resources being kept up.

2365. One point is that it would not be of an inconsiderable advantage to have a certain reserve in case of the cable failing, at different parts of the Empire where we could get at them in case of emergency?—Quite so.

2366. You would agree that it is easy to expend money in a certain direction, and after all it is a balance of advantage and disadvantage in what direction the money is to be spent?—Yes, it is simply an estimate of advantage and disadvantage.

2367. What I understand you to urge is that it should be considered whether the particular proposal put forward is so necessary that the money could not be applied to better purposes in another direction?—Exactly; I would qualify it from the State point of view by saying that if the cable would merely pay its expense, then it is desirable.

2368. And adding to that the more you have the better?—Yes.

2369. One of the points which is certainly one on which I would hardly like to use the word controversy, but one on which there is not unanimity of opinion, is the question of the relative advantages and disadvantages of what are described as all-British cables—what do you say in connection with that subject?—That we cannot lay down the principle of all-British cables—that we have to take each proposed cable on its merits.

2370. You would I suppose agree with me that the mere fact that the cable being all-British does not in itself protect it from interference in time of war?—In no way.

2371. Therefore as between an all-British cable and a cable which is not exclusively British the main question is whether or not it is interruptible in time of war?—Yes.

2372. Do you think that a cable which follows a commercial route, or in other words which would have to be protected by our cruisers in time of war has advantages over one which is all-British?—I think the advantage is to the one which follows the direct route, which is usually the commercial, without reference to its being all-British or deep sea.

2373. There are some advantages, are there not, however, in having the ends of the cable on British soil if you can manage it? Is it not so?—It depends upon the interference with the operators. If foreign Powers are inclined to interfere with the operators of telegraphs landing on their soil then the advantage might lie.

2374. Surely the necessity of things must give you greater control if the operations are conducted on your own soil than even on the soil of the most friendly neutral?—I do not think we have any experience to guide us in that way.

2375. Would you not say that it would be easier to carry out a censorship, for example, upon your own soil than through the intervention of the most friendly neutral?—As a belligerent, yes, we would censor, but as a neutral we do not attempt to.

2376. Is not that rather a strong argument that the neutral would not attempt to censor for us?—No, he would not; but the whole thing depends upon what value the censorship would be.

2377. Do you mean that it would not be valuable?—I think that the value of the censorship is exaggerated.

2378. I wish you would develop that a little more. We want to see whether you agree with some considerations put forward by the Postmaster-General of Cape Colony on that very point. Why do you minimise the importance of a censorship?—Because I think that it is practically impossible to prevent certain important messages passing as harmless messages.

2379. Not if you insist upon plain language; I admit if you accept code language you cannot stop it?—A harmless message referring to shipping may have a totally different meaning from what it seems to have.

2380. In other words, a secret code between sender and receiver?—Yes, and it would be perfectly impossible for us to arrange such a censorship as to prevent that.

2381. On the other hand, if you came to be aware that in time of war information was passing, and the ends of the line were on your territory you could stop the thing altogether, could you not?—To a large extent. I should not be prepared to say altogether.

2382. Aden has been a point of great importance in recent months, you will agree with me?—We prevented the code messages; I am not aware of any further steps we took.

2383. It enabled us to know what was going on, did it not?—That is, of course, one of the advantages that Aden has in its connection with foreign soil that we exercise the censorship in the same way.

2384. Are you an advocate for the Government purchasing and thereby obtaining control of international cable communication?—Yes; and jointly with foreign Powers.

2385. Why?—I take the Anglo-German and the Anglo-Dutch cable in the same way.

2386. You think that the Governments can do the business better than private companies, or do they do it with more regard to Imperial interests?—They do it with more regard to Imperial interests.

2387. What is the consideration that guides you?—The influence public opinion has over the Government wires. A private company is guided by the interest of its shareholders.

2388. Do you not think that private enterprise can not only do things more cheaply, but can get privileges from other Governments which a Government enterprise would fail in?—Not where joint ownership comes in between the two States.

2389. Do you speak only as regards what I would call a case of simple partnership where there are only two partners, or would you extend your observations to a case where there might be four or five different Governments interested?—Yes. It would practically mean free trade in cables between the different nations. By agreement any cable could be landed.

2390. Surely free trade in cables is inconsistent in terms with the Government purchase, and therefore Government monopoly?—Yes; I did not mean Government monopoly, but simply State ownership as an ideal. If the State is not prepared—

2391. I do not quite follow you. Take a simple case between Great Britain and America; what would you do?—In the case of Great Britain and Canada, of course they would be Imperial cables owned jointly by the Colonial and Home Governments. In the case of Great Britain and the United States they would be owned between Great Britain and the United States.

2392. You then bring in a third partner, do you not? Is it not practically certain that if you had such a combination as you suggest of joint ownership between Great Britain on the one side and Canada and America at the other end it would be easy to keep a uniform policy between this country and the other two, but it would require an agreement between Canada and the United States to keep up a joint policy all through?—I think that is how it would work out; there would be a great many difficulties.

2393. Supposing, for example, that their interests, as they might easily be, were diverse?—You would have a compromise. I do not think we would succeed wholly all along the line in getting State ownership. We would simply introduce the rivalry of the State. In the case of the Pacific cable it would be desirable to have State ownership. If you have State ownership and private companies the one would accelerate the other.

2394. In what context do you use rivalry—between

*Lieut. C. Bellairs, R.N.* whom?—With the Eastern Companies—in the case of the Pacific Cable—rivalry with the Associated Eastern Companies which have routes to Australia.

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2395. Communication westward over Canada to the Australian Commonwealth would be in competition with the route of the Eastern Telegraph Company eastwards through Europe and across India, and so on?—Yes. If you have the Pacific cable owned by the State, and the only other route that of the Eastern Companies, those two would be in active rivalry.

2396. Do you think that the Pacific route would compete commercially with the other?—I do not see why it should not if it goes *via* Honolulu, but I am only going on secondhand evidence taken from the Pacific Cable Blue Book. I do not know anything about rates.

2397. Do you think that in laying a cable consideration should be given to the question of the possibility of defence of the land ends of the cable?—Yes.

2398. Where do you think that the cable is most likely to be cut—near the land or outside territorial water?—I think it very much depends upon whether one is the predominant naval power. If one is the predominant naval power one can pretty well choose where one likes. The naval power that is trying to evade our forces will naturally choose the parts where its attempts at cutting are least liable to interruption.

2399. But would it not be guided by the consideration where it is most easy to cut the cable?—Well, the shore end is precisely the place where it is most likely to be intercepted in its work. Take Hong Kong for instance. Any attempt to cut the cable there would most certainly be interrupted.

2400. The great advantage, as I understand you put it, of attempting to cut a cable in the deep sea, is that there is less facility for interruption?—And also a greater gain in results, the cable not being so easy to repair.

2401. But obviously it is much more difficult to find it?—It is much more difficult to find it. I think it is very seldom that the end to be achieved is worth the means in cutting the cable—I mean the time taken, when it could be devoted to other work.

2402. Do you regard it under all circumstances as a difficult operation to sever a cable?—I think that a great deal of luck comes into it. If one knows the route one has a very good chance if the bottom is favourable for picking it up.

2403. Obviously it would be easier to find more than one cable if they were all concentrated near the landing end?—It would in theory.

2404. Do you say that it is not so in practice?—So many practical things come in, such as rocky bottoms near the landing ends.

2405. Do I understand from some of your expressions that you think a belligerent would refrain from cutting a cable which was giving information to the enemy, because that cable was not within the territorial waters of the belligerent opposed to them?—If it went through a neutral territory?

2406. Yes?—I think so.

2407. Do you?—The way I look upon it is this: I take the historical view that it is only the strong maritime nation that takes liberties with what is international custom. The stronger power of the two is not afraid to risk new questions with neutrals: the weaker, as a rule, is.

2408. A consideration guiding its conduct would be a desire not to bring further complications upon itself?—Yes.

2409. After all that would be a balance of considerations, whether the immediate gain would or would not be greater than the possibility of hostilities?—Yes, there might be one cable cut, but I do not think many cables would be cut even under that consideration—I mean cut outside the territorial waters when the cables go to neutral territories.

2410. Do you wish to go further either for the purposes of illustration or substantive recommendation to us into the question of the Pacific Cable?—No.

2411. Would you explain to me what you think the effects of the Pacific cable would be?—To keep the rates down.

2412. And why?—Because it is the only competition.

2413. You view with equanimity the Governments

competing in commercial enterprise with the commercial telegraph companies?—Yes.

2414. How far would you like that carried?—To such lengths as would not make capital unduly timid in coming forward for fresh ventures.

2415. People might vary, and capital might be more timid than you anticipate?—It is a case for the Government to consider.

2416. Each case to be decided on its merits?—Yes.

2417. Would you like to see an international Government cable also between here and any part of the United States and Canada for the purpose of keeping down rates?—Yes.

2418. Would you subsidise that cable in such a way that it was to carry messages at less than cost price?—No.

2419. Do you not think that the Cable Companies would always do it cheaper than the Government?—I do not think that they can go much below the present terms of 3s. 6d. a word to Australia. If I may add something, I think that the Government would be guided by the consideration of the earning power of the companies as to whether it gave a subsidy or not. If they think that the companies are running too much in their own interest they can keep the threat of withholding the subsidy.

2420. What do you mean by earning power?—The reasonable rate of interest which the Government think they are entitled to earn, and they may not agree to let them go beyond that. The Cable Companies earning to a certain extent is a tax upon commerce.

2421. Would you care to commit yourself to the opinion as to what is a reasonable earning power such as would tempt ordinary business men into cable laying?—I think 10 per cent. on the legitimate capital—not watered capital.

2422. Are you prepared to say that the Cable Companies are earning anything like 10 per cent. at the present time?—I have not gone into it, but I think they would be earning it on legitimate capital. A good deal of the capital is watered capital.

2423. On the question of choosing a route for a cable, how far do you think the strategical consideration of getting into deep water rather than shallow water is worth taking into account?—I do not think it is worth taking into account at all.

2424. What is the guiding consideration in your mind for strategical purposes?—To have a multiplicity of cables and the resources ready for laying cables.

2425. And to follow the commercial route. You would rather follow the commercial route relatively in shallow water than go out of the commercial route into deep water?—Yes, I would rather follow the commercial route.

2426. But you would not allow that answer to detract from the force of what you said a short time ago, that if a cable in deep water is cut the cutting at that point is of more importance, because it is more difficult to repair in deep water, and, in fact, to find the ends if they have been separated from one another?—Yes.

2427. But to put it in a few words I think your conclusion is that the best route for a cable is nearly always a direct route except when the configuration of the bottom of the sea makes a deviation desirable on that ground?—Yes.

2428. Generally I should like to ask you whether you would like to make any remarks upon the importance of cables either just before or after the outbreak of war?—No, I have nothing to add. I simply hold the view that cables are of very much greater importance before the outbreak of war than they are after.

2429. On what is that based?—On the importance of distributing the Fleet according to the political situation. So much depends upon our policy of shadowing throughout the world.

2430. Surely it must be at least of importance to be able to make rapidly different dispositions in time of war?—Once war has broken out the war is in the hands of the Admiral on the spot.

2431. But he must want to know what is being done elsewhere, and he can get to know that quicker by cable than by any other means?—Yes, the cables would be undoubtedly useful, but not of vital importance to the same extent as before the outbreak of war.

2432. Would you say that the importance of cable communication is greater or less to the stronger or to the weaker Power?—I should be inclined to think it is greater to the stronger Power.

2433. On what ground?—The weaker Power's policy is usually one of evasion—to hide itself.

2434. Surely that hangs a great deal upon the knowledge of from where the attack is being concentrated, is it not? In other words, is it more important for the purpose of getting at another to know where that other is, or for the person being hunted to know in which direction the pursuer is coming?—It is important for both, but it is less important for the person trying to get away.

2435. I understand it is impossible to lay down beforehand what is to be done in every warfare, or to attempt to foresee what is going to happen, and you must leave a good deal to the naval man?—Quite so.

2436. You desire, I understand, to enter a protest against what you describe as the way in which the public is misled on this question of all-British cables. Would you develop that in your own words?—I must protest against the way the public is misled on this question of all-British cables. Everyone knows that one of the chief objections to the all-British Pacific cable is the long span of 3,561 nautical miles of cable to Fanning Island, or 387 miles more than the one from Brest to Cape Cod, which I believe receives large subsidies. Such a cable inevitably means increased capital outlay, and sinking fund to replace it. My protest is simply directed against Sir Sandford Fleming, who was the principal advocate of this cable to Honolulu. Yet we find Sir Sandford Fleming writing to the Postmaster-General of Canada and sending his letter to the "Times," January 29th, 1901, saying that, "As a matter of fact, there is practically no more current outlay incurred in transmitting long than in transmitting short-distance messages." And again, "When once established, equipped with instruments, and manned by operators, messages may be transmitted 100 or 1,000 miles, with as much ease and at no greater actual cost than one mile." As a matter of fact, the speed of working must be considerably less over a long span than over a short one.

2437. Are you for or against the all-British Pacific cable, because I frankly tell you I thought you were against it, but since you have come here I think you are in favour of it?—I am in favour of the Pacific Cable *via* Honolulu, which is the direct shipping and cheap route.

2438. On the ground that that is a strategical route, but not because it is all-British?—I think it is the best commercial and strategical route.

2439. But the question of whether it is all-British or neutral does not enter into your mind—geographical rather than all-British considerations come in?—Yes, there are only two things that guide one in selecting the route—the commercial and strategical, and I reinforce that argument by quoting the language of the Naval War Code issued by the United States with reference to the cables going to a neutral territory.

2440. (Sir John Ardagh.) Do you think so long as private enterprise subsists that it is preferable to have a variety and number of small companies than a much smaller number of large ones? That is, on the question of monopoly. A large and powerful company is virtually a monopoly—it constitutes a monopoly in some form or other; it is so strong that it cannot be resisted by its opponents?—I prefer a small number of large ones as being easier to deal with.

2441. Is it your opinion that the large telegraphic administrations of this country have performed their duty to the Government and the public in a satisfactory manner, or do you think on the other hand that they have been extortionate and have attempted to keep up rates and give a lesser accommodation, and a degree of convenience more than we are entitled to expect from them?—Not more extortionate than in many other businesses generally.

2442. Now in relation to a telegraph cable which is laid at all-British landing places, would you consider that that was less liable to injury in the event of war than a cable which touched at several neutral landing places?—No.

2443. Not less liable?—No.

2444. Do you consider that touching at a neutral landing place is any protection in time of war?—Generally, yes.

2445. I mean having regard to the claim of a neutral Government to maintain the inviolability of its authority?—There is every probability of its being the safer route. *Lieut. C. Bellairs, R.N.*  
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2446. It would be a certain degree of protection?—Yes.

2447. Do you think that it would be an absolute protection in the sense that the belligerent would abstain from destroying a neutral cable simply because it was neutral?—By neutral cable you mean landing on neutral territory?

2448. Say between France and England—if it was in our interest to destroy or the interest of any belligerent to destroy a cable commencing in one State and landing in another?—Speaking generally, it would be left alone.

2449. From what motives?—From motives of fear of embroiling one's country with neutrals.

2450. Do not you think that a powerful belligerent if he thought a neutral cable was objectionable to him would take steps to interrupt it?—Yes; I said so before in my evidence, that a more powerful belligerent would take liberties if his Government thought it worth while.

2451. As regards censorship I think you attach very trivial importance to the exercise of the censorship?—I think that the power to make all messages pass in English not in code—

2452. The belligerent can lay down any rules. You can only telegraph in one language or a number of languages, he may say you must not telegraph in code at all; and he may further say that any messages of a doubtful character, which look to the censor as if they would bear a separate interpretation from the obvious and plain meaning of the words would be stopped by him?—It is an advantage because it puts great difficulties in the way of the enemy.

2453. It certainly does. For instance, we take the case of Aden, which is a nodal point and controls all the telegraphic cables down the East African coast. Do you think it was not a very distinct and decided advantage to have a censorship at Aden?—I think it is an advantage. What I pointed out in my evidence was that it is an advantage to have the censorship, and that censorship could be used on all cables whether all-British or neutral if they land at Aden and we are a belligerent.

2454. We exercised the censorship over everything that passed through?—Quite so.

2455. With respect to State ownership do you not think that it would be rather revolutionary to propose to the United States that the cables and land lines should be taken over by the State? There is no such thing in existence now. Every cable and every land line in the States is a private line?—Personally I do not think that the thing would ever reach a practical outcome with regard to the United States.

2456. Would the United States co-operate with us in having State lines between the United Kingdom and the United States?—I do not think so.

2457. In that case how would you look forward to obtaining a real commercial system of cable communication between the two countries and a reduction of rates?—We might possibly get the United States to co-operate in the case of an individual new cable. My idea in favour of State ownership is simply to bring the competition of the State into submarine matters.

2458. It is a pious aspiration?—Yes, it is a pious aspiration as regards the State ownership of all cables.

2459. Now as regards the inviolability of cables in territorial waters, are you in favour of the recognition of that idea?—Do you mean extra-territorial?

2460. No, in territorial waters—that is to say, within the three-mile limit—that cables should be inviolable within the three miles of a neutral?—Decidedly within three miles of the neutral territory, and I would apply the same rule as the naval war code of the United States, which makes the cable inviolable all along the neutral route and the open sea.

2461. But once the cable passed beyond the three-mile limit, then it is open to the belligerent to do what he does subject to indemnity?—You have misunderstood me. The Naval War Code of the United States lays down that a cable going to a neutral territory cannot be touched except in the belligerents' territorial waters, and that makes it inviolable all along the sea route.

2462. I put the antithesis; start from the neutral territory, it is inviolable up to the three-mile limit, and after



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all it becomes open to such injury as a belligerent may risk to do within the three-mile limit at the other end—he may do what he chooses, may he not?—Within the three-mile limit he may do what he chooses in the belligerent's territorial waters.

2463. Are you in favour of unrestricted competition between cables and land lines?—Absolutely.

2464. Now the effect of such competition, we will say in the case of Egypt and everything beyond Egypt, would be to kill the Mediterranean cables. If the land line comes between Egypt and the United Kingdom, you could send messages at a minimum rate, we will say, of 6d.—I am only assuming the rate—and it costs the cable company 7d. or 8d. to pay their expenses without making any profit; if that were the case, then the permission of unlimited competition would kill the cables. Would you be in favour of that?—It would be hard lines on the company, but I would be in favour of it. I do not see how we are to prevent it.

2465. It could only be prevented by agreement?—Because the cables are a British interest, whereas the land lines are not a British interest.

2466. Yes. Would you be in favour of maintaining the British interests, which would involve a certain sacrifice on the part of the British community at large in paying a somewhat higher rate for the transmission of their messages, or would you be prepared to throw overboard the whole of the British interests and cables for the sake of getting a small reduction in the cost of transmitting messages?—Put like that I would qualify my answers. I would maintain the British interest by Government negotiation, and that would give the Government the right to interfere with the cable companies in the interests of the British trader at any time.

2467. With the view to the reduction of rates?—Yes.

2468. But not beyond such a point as would render them entirely unprofitable?—Quite so.

2469. To apply that same principle further, it would be possible by a land line to have much lower rates to India, but the possible consequences of embarking on such a system would necessarily be that the cable companies could not continue to subsist and pay a dividend to their shareholders. Would you be prepared to impose any restriction upon that competition?—On land lines through British territory?

2470. You cannot have a land line through British territory; it must pass through several foreign States to arrive at India?—The same answer applies.

2471. You would not like to reduce the rates on the land lines to such an extent that the cables would be unable to live and thrive?—Quite so. But the protection should carry the right of Government interference with cables in the interest of the trading community.

2472. Now there is a question of naval strategy. Would you be in favour of cutting all enemies' cables in time of war?—By no means.

2473. Would you, on the contrary, not cut any of them?—Speaking generally, I would leave them alone. It might happen, for instance, that we would, for our own purposes, want to take up one of the enemy's cables and use it.

2474. I think I understand your reason to be that the cutting of an enemy's cable is not an unmitigated benefit to the other belligerent?—Quite so.

2475. It might possibly be a great disadvantage to it?—There are occasions when the strategy of war develops itself, and we are blockading, and in that case we would wish to take up the end and use it ourselves.

2476. In the case of the Spanish war, what effect do you consider that the maintenance of the cable communication between Spain and Cuba had upon the naval effects of the war?—Practically none.

2477. If Admiral Cervera had been left to himself he would not have left the harbour and gone out of San-

tiago to face the enemy's fleet?—He was captured in any case whatever he did.

2478. Then you think it would not have made much difference?—None whatever.

2479. It would have resulted in the capture of the ships instead of their destruction?—Yes, it made no difference to the end of the war.

2480. Why do you prefer the Honolulu to the Fanning Island route?—Because it is cheaper, Honolulu being a great shipping port and Fanning Island a barren island; and in Fanning Island you would have to defend the ends, and it would be a very difficult thing to do.

2481. Does that override the objections to landing the cable on a foreign shore?—In the case of a Power like the United States I see no objection to landing it on foreign soil.

2482. Do you not think it an absolute certainty that the United States cable will be allowed between Honolulu and San Francisco?—I think that is a certainty, and I think it is a great advantage to us to link our cables with it.

2483. But is it not an advantage to have another route?—None that I can see. It is the same route; the only difference is the landing point.

2484. But it is conceivable that at some period of its existence war may break out between the United States and this country, and in that case do you not think that an all-British route as regards the Pacific is superior to a route touching at a United States port?—In the case of war with the United States the land lines through Canada would be cut in ribbons by mounted men.

2485. We are informed that land lines will be laid so far north through Canada that it is extremely unlikely that any casual expedition would cut them?—I should be very sceptical. The United States is a nation with many mounted men, and in any case the all-British route must pass near to Honolulu on its way to Fanning Island.

2486. Yes, and as far as we know close to American waters?—Close to American waters, and on a distant station like that the chances are in the future that the Americans will possess the balance of sea power. There will be a balance of disadvantage against us at the outset of war.

2487. Are there any similar cases anywhere where you think that we have made an error by endeavouring to have an all-British route rather than touch occasionally on foreign soil?—I cannot call one to mind at this moment.

2488. I put the case of the Portuguese Islands. We have the West African cable now landing at two Portuguese islands, at Madeira and Cape Verd. Do you think it would be better to have completed that route by a British cable from Gibraltar to Sierra Leone?—No.

2489. You are quite satisfied with the route as it goes now?—Quite satisfied.

2490. (*Admiral Custance.*) There was some advantage attaching to a cable following a trade route?—Yes.

2491. Would you kindly explain what you think the advantage is?—The route is usually a direct route along which commerce is passing, and possibly cruisers.

2492. How does the commerce passing affect the cable?—It prevents the operation being carried out in secrecy.

2493. And the cruisers—do you think that the cruisers will control the route?—I should think there would be cruisers passing, possibly along the lines of communication to the fleet; but I doubt very much whether we would have many cruisers to spare for the purpose. But that the enemy cannot rely upon; they have a threat of interruption.

2494. The advantage is not then in the fact that it might be controlled by cruisers?—We might have cruisers along there, and the enemy would bear in mind that that part of the route would be most likely patrolled by cruisers. In all naval operations I think the threat of interruption goes for a great deal.

## ELEVENTH DAY.

Wednesday, 22nd May 1901.

PRESENT:

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*).The MARQUIS OF LONDONDERRY, K.G.  
The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C. M.G.Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.  
Rear-Admiral R. N. CUSTANCE, R.N.J. H. LINDSAY, Esq., *Assistant Secretary*.

Mr. ROBERT KAYE GRAY, called; and Examined.

2495. (*Chairman*.) I think I am right, am I not, in saying that you are an engineer?—I am a member of the Institution of Civil Engineers.

2496. And Engineer-in-Chief and Director of the India Rubber, Gutta Percha, and Telegraph Works Company, who are largely engaged in the construction and provision of cables?—That is quite correct.

2497. Is there any addition to that description which you would like to put upon the notes?—I am Vice-President of the Institution of Electrical Engineers, and I am a director of four submarine telegraph companies.

2498. I may take it that you have from this work a large knowledge of the existing submarine cable system and its possibilities, and that you have considered questions of expansion in various directions?—My whole career has been connected with telegraph business.

2499. It is obvious from a glance at the map that the present system of submarine cables could not be said to provide a purely British route to any of our principal dependencies?—Quite so.

2500. Would the completion of the Cape-Australia and Canadian-Pacific cables provide such a route?—Not entirely. You could arrive at Australia by an all-British route, certainly; you could arrive at the Cape by an all-British route *via* Canada, but in the Atlantic—the North and South Atlantic—all the communications touch at Portuguese, Spanish, or French possessions.

2501. Taking first the Atlantic Ocean, what would be necessary to complete an all-British route?—To possess a complete system, cables should be laid between Ascension and Barbados, about 3,300 nautical miles; between Barbados and Bermuda, 1,350 nautical miles; and between Bermuda and Ireland, 3,100 nautical miles; and a line from Jamaica to Belize, 750 nautical miles, would also prove useful.

2502. Now, leaving the Atlantic Ocean and going to the Indian Ocean, would you give the same information of what it would be necessary to do there?—To complete the network in the Indian Ocean a cable should be laid between Cocos and Ceylon, 1,750 nautical miles, and to connect Hong Kong with Australia a cable from Thursday Island to Sandakan, 2,000 nautical miles, and from Sandakan to Labuan, where the existing Labuan-Hong Kong cable would be met, 350 nautical miles, or from Sandakan to Hong Kong direct, 1,200 nautical miles, should also be laid.

2503. If those cables were laid would it be true that most of our principal dependencies would be in telegraphic communication between themselves and with the Metropolis by an all-British route?—I think so.

2504. Do I understand that you advocate the construction of those works?—Yes, I certainly do.

2505. Would you tell me on what ground?—The first ground is that an increased number of cables in case of war would be advantageous. It is also a great advantage from a commercial point of view to have a great many lines of communication. Then I should think from a British point of view it is better that the landing places of at least one line of cables should be in British territory exclusively.

2506. That is a point upon which I wish you to tell me why you think that a cable is more useful to us when its ends are on British or British-Colonial soil than on neutral soil?—For this reason, that those who handle

code messages—I mean a great deal—know very well that there is hardly a code in existence that cannot be read. The codes employed by the Army, Navy, and the Foreign Office I have no doubt can be read.

2507. You mean if you can give sufficient time and opportunity they can ultimately be read?—Quite so.

2508. Would you apply it to cypher as well as code messages?—I used the word code to mean conventional language.

2509. Of course, some are much more difficult than others?—Yes.

2510. Have you any other reason?—That is the only reason that I can advance at all for having the ends of cables in British territory.

2511. If you could secure a monopoly upon British and Colonial soil—I use the word British to mean the British soil—I think I should understand your view; but if there is an alternative route going another way how are you protected; because, of course, in time of war any hostile message will be sent by the other route?—Well, it would be rather difficult for a hostile message to travel any distance without touching at a British possession. At the present moment it would be very difficult for a hostile message to be sent—a message sent by a hostile country—to be sent by any other route than a route through British territory.

2512. Have you any other reason for any line other than all-British crossing a neutral territory?—Not any other reason that I consider of much importance. Of course, there are reasons, but I think that they are all minor reasons to that of secrecy; and those reasons are these; that it is a little easier to protect the landings. At English stations there would be no tampering with messages before war breaks out. In fact, there is more British Government control.

2513. During war I suppose you would agree that the mere fact of the end being on British soil gives no additional protection to the cable?—None; it is rather the reverse.

2514. Do you advocate the laying of the cables which you have mentioned by Government agency, or do you think it could be done through private companies?—I do not think that a private company would lay a cable from Ascension to Barbados, nor from Barbados to Bermuda, nor from Bermuda to Ireland.

2515. I fully expected that answer; but at the same time you think that these cables would be useful for commercial purposes?—Certainly.

2516. In other words it would result in this, that the Governments concerned would enter into competition with the private enterprise?—Yes, certainly.

2517. Do you look with favour upon that suggestion?—Well, I do not like the Government interfering in industrial undertakings at all, but it is a sort of *pis aller*. I mean if there is a strong monopoly in private hands, the only way to modify it at all is by Government interference. A private monopoly is certainly worse than a State monopoly in my opinion; but I believe that the best solution is that the Government should exercise an effective control, and allow the private industry to do the rest.

2518. How do you think that that desirable result can be brought about?—In this particular case there is no way of bringing it about in connection with these three cables. My general remarks refer to cables the

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extremities of which are in the hands of monopolies—the feeders of such a line—private monopolies.

2519. Do you think that the relations of the Imperial Indian and Colonial Governments with the private companies are on a satisfactory basis just now?—It is a very difficult question to answer. I know from practical experience that it has been so satisfactory as to be to my detriment or to the detriment of my interests. It is a very difficult question to answer, and I do not know how to answer it. Certainly the existing companies, that is to say, those owning the largest portion of the submarine telegraph property have been very useful to the Government. Perhaps, however, I may say that the relations of the Imperial, Indian, and Colonial Governments with the private companies are good, but too exclusive, as some of the companies have so surrounded themselves with foreign concessional rights that the Government is bound to treat with them and accept, to a large extent, their terms. As an instance, the Government could only treat with the Eastern and the allied companies for the laying of the Ascension-Sierra Leone cable, on account of the fact that the company could put blocking tariffs at Ascension and at Sierra Leone, which would have prevented any other company from undertaking the work unless Government aid was given to an extent which, added to the purely local traffic receipts between these two places, would have given a net income justifying the capital outlay and risk. In such cases the cheapest solution is for the Government to own the cable.

2520. Have you any practical suggestion to make to carry out that general expression of opinion which you have just given us?—To prevent these blocking rates a clause should be inserted in all contracts that exclusive dealing and differential and discriminating rates should not be permitted in British territory. In fact, the Imperial and Colonial Parliaments might declare that telegraphs touching on British territory are to be considered as licensed carriers, and should not be permitted to charge different prices for the same service or to make their charges depend on the person who asks the service.

2521. I understand that, after such consideration as you have been able to give to it, you see no better way of dealing with the matter?—No.

2522. Would the companies be likely to come into such an arrangement, do you think?—I think the companies would not.

2523. In other words, compulsion must be applied?—Yes.

2524. Are you in favour of the Governments concerned undertaking such a line of policy?—I say some such legislation appears to be the best way of meeting the present monopolising tendency.

2525. Are you yourself in favour of it?—Yes, of Government control.

2526. Do you see any other alternative?—The other alternative is State ownership of all the cables connecting the scattered portions of Greater Britain.

2527. Do you like that proposal?—No, I am not an advocate of State ownership.

2528. You agree with the suggestion, do you not, that it is very difficult to run alongside of each other a system of Government ownership and a system of private ownership?—Yes, I agree with that, certainly.

2529. Is it on account of these difficulties that you turn your mind rather in the direction of the companies acting as agents under a settled form of control with a bargain properly made?—Yes, that is it.

2530. You would prefer that distinctly to State ownership?—Certainly.

2531. Do you carry that expression of opinion even to the Pacific cable which is about to be laid?—Certainly.

2532. But yet I understood you to advocate the Government laying of those cables which you mentioned in your examination?—Then I say that State ownership should only be resorted to when there exists an impossibility of finding another means of avoiding a worse condition of things arising from the creation of private monopolies.

2533. I understand as a counsel of perfection you would like State control, but that the State should limit itself to watching over the interests of the public rather than owning and managing the industrial undertakings of the cable companies?—Certainly.

2534. I suppose it is the fact, is it not, that submarine cable companies have at present a great power

of putting charges on their lines if they want to divert traffic or pursue a particular line of policy?—Yes.

2535. Could you give me an illustration?—To give an illustration of the strength given to companies when they have the power of placing blocking charges on their lines, I may cite a case in which I was interested. A company of which I am a director laid a submarine cable which established a new means of communication between Europe and South America. The landing place in Europe is Cadiz, and the landing place in South America is Pernambuco, in Brazil. It is that line that goes down there (pointing on the map) to Cadiz, Teneriffe, St. Louis, Fernando Noronha, and on to Pernambuco.

2536. Those cables form a competing line with the Brazilian Submarine Telegraph Company. I understand?—Quite right.

2537. Will you go on developing your illustration?—The Eastern Telegraph Company owns cable routes from Cadiz to Great Britain, and is in friendly alliance with the Brazilian Submarine Telegraph Company. From Pernambuco in Brazil to the principal coast towns of Brazil and to Buenos Ayres there exist cables belonging to the Western and Brazilian Telegraph Company. This latter company had a joint-purse agreement with our competitors. When our cable was opened both the Eastern Telegraph Company at Cadiz and the Western and Brazilian Company at Pernambuco refused to receive and transmit public messages which had passed or were ordered to pass by our route via Teneriffe, Senegal, and Noronha, in spite of the first Article of the Convention of St. Petersburg. The Eastern Company were compelled to accept, by the intervention of the Spanish Government, after some ten days' refusal. The Western and Brazilian Company refused to exchange traffic under any conditions for some fifteen months, and only consented when reprisals were threatened by the Argentine Government.

2538. Both those companies are British companies?—They were both British.

2539. Had the British Government no power to put any pressure upon them?—Although we were all English companies, the British Government were powerless to act.

2540. Will you go on with the history?—Even when the Western and Brazilian Company gave way, and exchanged traffic with us, they charged a rate which was, I believe, twice as great as they charged the Brazilian Submarine for the same service.

2541. Very well, that is one illustration. Have you another to give?—Yes, there is another case which occurred in 1885-1886. My company had concessions from France and Portugal to connect up the West African colonies of those powers with Europe by cable through Senegal on the one hand and through the Cape Verd Islands on the other. At this time the British Government desired to connect up the British West African colonies. We did not receive the British subsidy, which was given to our competitors who owned the cables from Cape Verd Islands to Great Britain. The only apparent reason, which I take from the Treasury minute dated 4th February, 1886, which accompanied the copy of contract submitted to Parliament, being that our competitors granted half rates between Cape Verd Islands and Great Britain, via Madeira and Lisbon, and we could not do so over the same route, although over our route to Europe, which passed through French and Spanish stations instead of through Portuguese stations, we could offer the same facility.

2542. How long did those negotiations go on?—Our negotiations with the British Government, I think, lasted for nearly a year.

2543. I suppose the correspondence was voluminous with regard to it?—Quite a large amount.

2544. Was it the Treasury you corresponded with, or the Colonial Office?—We corresponded with the Colonial Office principally.

2545. Is it the case that in the course of those negotiations you were refused landing rights at Bathurst and Sierra Leone by the British Government?—Yes, by the Colonial Office.

2546. With what effect?—Well, that we were obliged to sell our Cape Verd-Bathurst cables to the other company—to the company that obtained the British subsidy.

2547. Will you tell me whether the companies that you have mentioned are companies which address to the

Convention?—No. At that time the Brazilian Submarine Company did not adhere to the Convention.

2548. All the others are members, I suppose?—Our companies—the Spanish National Submarine Telegraph Company that owned the cables between Cadiz and the Canary Islands and Benegal were adherents, but the parallel line were non-adherents. I say that subject to correction. I am giving this completely from memory, but I think that it is correct.

2549. Is there anything more with regard to those negotiations that you would like to put before us?—With regard to old negotiations?

2550. I want to get from you what inference you wish us to draw from the two instances you have given?—It is to illustrate the strength given to companies when they have the power of placing blocking charges on their lines.

2551. Do you see any means of preventing that, providing the company does not come to you for landing rights?—Yes, I believe that surely general legislation would meet the case.

2552. What do you mean by general legislation? Assume, if you like, that a British company raises capital and connects two foreign countries one with another—how will British legislation help you there?—In the same way as British legislation raises the income tax and interferes with individuals. It can also interfere with companies if it is thought desirable for the commonwealth.

2553. You suggest that you would prohibit a British subject from subscribing to a company or from holding shares in a company which places blocking charges in other parts of the world?—Not at all, but that they might be subject to certain laws which might be passed.

2554. I wish you would make it a little clearer. What is your hold over the company? You say the British Parliament should prevent a British company doing certain wrong things which you suggest. Even assuming for the moment that the legislation could be made effective, would the result of it not be that the company would become a foreign one, and escape you altogether?—It is a very difficult question to answer.

2555. I will not press you?—I cannot answer it.

2556. We have had a good deal of complaint here from various people that the existing tariff between London and India is too high, and that the difficulties in the way of reducing it are very great. I do not take you over that familiar ground, but I ask you whether your knowledge of the conditions in force enables you to express an opinion whether, if a new cable were laid from Great Britain to Egypt it could be employed for carrying Indian messages?—If at present it were determined to lay a new cable from Great Britain to Egypt, this new cable could not be employed for carrying Indian messages over the existing cables, because the charges which would be made in Egypt by the Eastern Company for forwarding to India would be certain to prove excessive.

2557. At what point in Egypt does the control of the Eastern Company come in?—I do not know as a matter of fact. I am not in possession of all the Eastern Concessions, but I believe that they have an agreement with the Egyptian Government, and that certain rates are payable to Egypt, and that they have certain lines from Alexandria or Port Said to Suez.

2558. Perhaps my question took you beyond your own personal knowledge, and therefore I shall put it to you in a more general form. Do you suggest to us that it is not possible, either from physical difficulties or legal obstacles to lay another line between Great Britain and India by any route which would enable us to reduce charges?—I expect that a proper line through Asia Minor would do it, from the Levant to the Persian Gulf. For instance, a line laid from Latakia, through Aleppo, down the Euphrates Valley, and through Bagdad to Fao.

2559. You would probably agree with me that a line through Asia Minor would not be satisfactory?—I differ from you; there is no reason why it should not be.

2560. Would it not be physically possible to interrupt it in case of war?—Yes; I beg your pardon; I meant for a commercial line, and only from that point of view.

2561. As far as I understand this head of your evidence, your suggestion is that the British Govern-

ment ought to have also more power than it has for regulating charges of submarine cables?—Yes.

2562. Have you any suggestion by which that power may be got?—I do not see that the Government can really force an established company to reduce the payment they receive for work done; it is very difficult to do it.

2563. You make a suggestion to me here that I do not understand, that the British Government should acquire a certain amount of power by incorporating the Acts of the International Telegraph Convention in a Bill, and attaching penal clauses for infractions?—The reason for that suggestion is this. May I mention the case as to the position of the International Telegraph Convention so far as concerns the Postmaster-General?

2564. If you please?—When we were fighting with the other company, I wrote letters to the Postmaster-General, and also to the Foreign Office, to get to know exactly how their opinion of the Convention stood. On the 17th July, 1899, the General Post Office wrote: "With reference to your letters of the 9th ultimo and 13th instant, on the question of the International Telegraph Convention and the annexed Regulations in this country, I beg leave to inform you that the Convention of St. Petersburg is embodied in a treaty which was ratified by Her Majesty, but its provisions have not been made the subject of Parliamentary enactment. The relations between the Postmaster-General and the public in this country have been governed since 1889 by statutory regulations based upon the Regulations annexed to the Convention. I think it right to add that, as neither the South American Cable Company (that is my company), nor the company whom you mention (that is the Western and Brazilian Company) in the first of your letters under reply, possesses a system connected with this country, it is not seen how the question of the International Convention and Regulations having the force of law in the United Kingdom could affect either company."

2565. Who signed that letter?—That is signed: "I am, Sir, your obedient servant, John Ardron." Then on the 29th July, Sir Thomas Sanderson wrote: "Sir,—In reply to the inquiry contained in your letter of the 18th inst., I am directed by the Marquis of Salisbury to inform you that in virtue of the accession of the United Kingdom to the International Telegraph Convention of St. Petersburg of 1875, which took place on the date stated in your letter, that Convention is binding in this country. As this country was also a party to the subsequent revisions of the International Service Regulations, those Regulations are also binding in Great Britain and Ireland. I am, sir, your most obedient humble servant, T. H. Sanderson." Then on September 22, 1899, Mr. Villiers writes: "Sir,—With reference to my letter of the 29th July last, I am directed by the Marquis of Salisbury to state that a clerical error occurred in that communication which it is desirable to correct with a view to prevent possible misunderstanding. In your letter of 18th July, inquiry was made whether the International Telegraph Convention of 1875 and the subsequent revisions are established as law in Great Britain and Ireland. The reply returned was to the effect that both the Convention and the revisions were binding in this country. I am to explain that the phrase employed should properly have been 'binding on this country.' The intention of the reply was to point out that the Queen, having acceded to the Convention, and having been a party to the subsequent revisions of the International Service Regulations, the Government of this country was bound by the stipulations contained in those agreements. But the stipulations are of course no less binding on such private companies as may have acceded to them. You will doubtless have observed that the position of private companies is dealt with in Article XIX. of the Convention of 1875.—I am, sir, your most obedient humble servant, F. H. Villiers."

2566. What is the point you wish to put before us?—That the existing Telegraph Convention has no power over the companies, and cannot govern their action in any way. In fact, they are perfectly free agents. Any company that has a submarine telegraph cable can deal with the public as it likes.

2567. In other words, it comes to this, that by the accession to the Convention Great Britain is responsible to other signatories for infractions, but it seems that the Government has no Parliamentary power to deal

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with the company or person that may be the cause of trouble?—That is so.

2568. (Lord Londonderry.) What is your opinion about the rates from Great Britain to Egypt?—The rates from Great Britain to Egypt are too high. They are probably twice what they ought to be or would be under ordinary circumstances.

2569. With regard to the rates to India, what do you say?—The same remark applies.

2570. Do you give us any idea of what would be a paying rate?—A paying rate on a well-developed commercial route could be calculated on the basis of a penny for every 250 knots of cable. This is about the amount the Transatlantic cables receive, and it seems to be very remunerative in cases like that of the Commercial Cable Company, which is not over capitalised.

2571. Have you any other lines which charge about this rate?—Yes, it is a common rate to be charged, and it is not excessive.

2572. Do they find it remunerative?—I think so.

2573. (Lord Onslow.) You say a penny for every 250 knots. Can you illustrate that by some existing rates from here to America and show how it works out?—From here to America? Take the Commercial Company's case—the distance between Weston-super-Mare and Waterville is 320 miles; the distance between Waterville in Ireland and Canso is 2,300 nautical miles, and the distance from Canso in Nova Scotia, to New York is 850 or 860 miles, and adding these together there are about 3,500 miles of submarine cables. In addition to that there is the land line from London to Weston-super-Mare, and that may be 130 miles or so; but, taking the submarine cable as 3,500 miles, the net rate to the Commercial Cable Company is about 10d. a word. The rate to the public is 1s. a word, but the company have what are called outpayments, amounting on an average to 2d. per word, so that the net rate would come to 10d. over the 3,500 miles of cable.

2574. The penny rate for 250 knots would be 10d.?—No, it would be 350 knots for a penny. I only proposed 250 knots. The illustration that I have given shows that the penny charge would be applicable to 350 instead of the 250 knots which I recommend.

2575. (Lord Londonderry.) To go back to the reduction of rates, do you think that it would be possible for any place to enjoy an immediate reduction?—Only by the goodwill of the companies unless competition is brought in.

2576. Do you think it would be well that a certain number of places under British influence should declare themselves as under the *Régime Européen*?—Yes, I think that is possible, and I think it might be applied to such places as Egypt, Aden, India, Penang, Singapore, Labuan, Hongkong, Ascension, St. Helena, Cape Colony, Natal, Mauritius, Rodriguez, Cocos, Australia, New Zealand, Norfolk, Fiji, and Fanning Islands, Bathurst, Sierra Leone, Accra, Brass, Bonny, Barbados, Bermuda, and Canada. I think they should declare themselves as under the *Régime Européen* of the Convention—that is to say, that they adopt the European rules of the Convention.

2577. What in your opinion would be the effect of that?—The effect of this would be that the transit and terminal charges in different countries would be reduced by about one-half. I would give as a reference Tableau B. of the International Convention attached to the Révision de Budapest and Article 24 of the Règlements de Service.

2578. Has any country done this?—Spain has done this for the Canary Islands; France has done so for Algeria, Tunis and its West African Colonies; and Portugal has done so for its West African Colonies, extending as far south as the Congo River. That is to say, if a message leaves the Continent to St. Paul de Loanda it pays as a general rule 10 centimes, as the European tax, whereas in some neighbouring States which are not under the European régime, they pay twice the amount. The British West African Colonies, for instance. The Russian Caucasus and Turkey in Asia are under the European régime.

2579. Can you tell me when those declarations took place?—Under Article 85, paragraph 2, of the Telegraph Convention.

2580. Do all the companies take the same view?—Some of the companies have protested, but their protests were not accepted.

2581. With regard to the reduction of rates, what do you think was the intention of the Telegraph Convention in Europe?—Some of the companies argue that Article 27, Paragraph 1, of the Convention means that no reduction of the rates is possible without the consent of other administrations. This may have been the intention among the Telegraph administrations in Europe when the clause was drafted, but the application of this principle is universally neglected. There are reductions of rates to Australia every day, and the rates to India are left as they are. I merely bring that forward to show that the principle is universally neglected.

2582. What is your opinion on the second clause of the same article—does it appear superfluous?—Yes, if the interpretation of this Article 27 by certain companies and others—if it were correct—the second clause of the same article appears superfluous, as well as Article 24, paragraph 6. So far as submarine cables are concerned, Article 24, paragraph 8, permits of special rates in particular cases being adopted, and Article 83, paragraphs 8 and 9, foreshadow modifications in tariffs.

2583. Would you suggest anything with regard to the modifications in tariffs?—Yes, I would suggest that the rate of one franc per word be established between Great Britain and Egypt, 2 francs 50 centimes between Great Britain and India, and five francs between Great Britain and Hong Kong. I think those rates will prove very remunerative to the existing companies.

2584. Can you give me any idea of how this reduction would affect India?—So far as India is concerned, talking from the general arguments that have been brought in to defend the maintenance of the existing rates, it is generally advanced that India is inelastic from a telegraph point of view—that is, it will not respond with an increased volume of business when rates are reduced. I doubt the soundness of that argument. From an examination of trade statistics and of the telegraphic development which has taken place in India during the past 30 years I believe that large increases of revenue will eventually take place if the rates I propose are adopted. Since 1870—that is, in the last 30 years—the Indian imports and exports have about doubled in value, from about 1,000,000,000 of rupees in 1870 to 2,100,000,000 of rupees in 1899, each year showing an average increase on the year immediately preceding it of about 2½ per cent. The imports have contributed rather more than their share, and the exports rather less. As a comparison, I may state that the sums of the exports and imports of Great Britain are £547,000,000 for 1870 and £815,000,000 for 1899. This shows an increase of about 50 per cent. in 30 years, or less than half the increase in India. During the same period the United States exports and imports have increased from £215,000,000 to £453,000,000, or about 110 per cent.

2585. Have you anything more to say on the imports and exports during the last 30 years?—I draw the inference from a comparison of these three sets of figures that India is certainly elastic, and will respond, but to give an explanation of why some people may think it does not respond—as no doubt they do—the explanation is that they look at it from the British merchant's point of view, and they forget that the foreigner is coming in, and really doing a very large trade. May I go on and explain why?

2586. Yes?—It is, on the contrary, right to expect that there would be a great development in telegraphic traffic between Europe and India were the tariff between Europe and India more nearly approaching the tariff existing between Europe and America. In Great Britain the expansion of Indian business is not so much noticed. A close examination of statistics discovers that the development is principally in India's trade with America and countries other than Great Britain. But this division of India's trade does not directly affect the question of the possibility of developing the use of the telegraph by granting greater facilities; it bears only on the competition for Indian business between Great Britain and foreign countries, and in my opinion this state of things will tend to telegraph development rather than the reverse.

2587. What do you find to be the number of telegrams transmitted from India since 1870?—I find that in 1870 India transmitted about 600,000 telegrams, and in 1898 5,713,000, showing a ratio of 10 to 95.

2588. How does that compare with Great Britain?—Great Britain in 1870 transmitted 9,850,000 telegrams,

and in 1898, 83,000,000 telegrams, showing a ratio of 10 to 85 telegrams.

2589. And you think that India shows a greater development than Great Britain?—Those figures show it to be the case.

2590. Can you tell us anything with regard to the manner in which France recognises classes of traffic?—France recognises four classes of tariffs—the Interior tariff, the Intercolonial tariff, the tariff under the International *Régime Européen* rules, and a tariff under International *Régime extra-Européen* rules.

2591. Can you give us the various rates of those four classes to which you have alluded?—The Interior rate is 50 centimes for 10 words and 5 centimes for each additional word. The Intercolonial rate—that is, the rate for messages across the Mediterranean (traversing 500 nautical miles of cable), originating and terminating in French territory—is obtained by the addition of 50 centimes for every 10 words to the Interior rate. The rate, therefore, becomes 1 franc for ten words and 10 centimes for each additional word. The International *Régime Européen* rate is double the Interior rate or the Intercolonial rate, and the International *Régime extra-Européen* rates is again double the *Régime Européen* International, and four times the Interior and Intercolonial rate.

2592. (Lord Onslow.) I do not quite understand what you mean by Intercolonial and International rates. Do you mean that there is a fixed rate for communication between France and all her colonies?—I believe there is to Tunis and Algeria.

2593. But not to New Caledonia and the New Hebrides?—Those colonies have to communicate through the private companies' line; but in a company of which I am Chairman, we actually had a special rate from Paris to Senegal through the Canary Islands for French Government messages.

2594. Is that the French Inter-colonial rate?—Not entirely. The particular rates which I have adopted for illustration I have taken from the Mediterranean lines; namely, between France and Tunis and Algeria.

2595. What do you call the international rate?—The international rate is this: There are two classes of international rates, and those classes are determined from the station of origin or the station of destination of the message. For instance, if the message goes from Great Britain to Spain through France, the rate applied there is an international rate, *Régime Européen*, that is to say subject to European rules, and the charge in France is 10 centimes per word. If that same message had started from Great Britain and had gone to South America through France and through Spain, France would collect 20 centimes per word, instead of the 10 I gave in the other case. It would collect 20 centimes per word, and purely because the destination was extra-European.

2596. But those charges are charges for transmission alone—they do not cover all charges to the public?—No, the last two I have cited are charges—what they call the "quote-part" of France in the total tariff.

2597. You do not wish the Committee to understand that there are four or five charges which cover the conveyance of the telegrams to all parts of the world?—Certainly. I certainly do not want to talk of official or Press—I am talking of charges to the public. In one class of messages, France collects 5 centimes per word, and for another class of messages 10 centimes, and for another class of messages 20 centimes per word, although, roughly speaking, the work done in each case is the same.

2598. That is to say, the French Government collects that. Then the balance, which may be larger or smaller, goes to the companies whose lines they follow?—No, the companies follow suit, and they may collect higher rates for extra-European than they do for European service.

2599. You rather favour the adoption of the same kind of thing in this country. Supposing we had the French system in operation in England, what would be the condition of affairs—give us an example?—In that case, taking it from the point of view that the companies agree to it, I believe that following the French lead there might exist a rate between Great Britain and Gibraltar which no other State in the world would enjoy. It might be established simply in following the French lead, because, as I said, the charges in going to two or three colonies of France—Tunis or Algeria—

actually favour messages originating and terminating in French territory.

2600. (Lord Hardwicke.) Is it not all a question of the understanding arrived at at the International Telegraph Conference which takes place every four years, when the Regulations of the Convention are revised?—No. The Interior rate and the Intercolonial rate were not even discussed at the Conference meetings, as they concerned France alone, and no country could compete for the traffic. The International rates under both European and extra-European *régimes* are the only rates dealt with at these Conferences, and a voluntary arrangement is come to as to these, but there is nothing binding on the signatories. Where there are competing lines as in the case of the Eastern Company and the Indo-European Company the Governments interested often adjust their proportion of the through rates to fix a tariff which is considered fair to both parties, but this adjustment is generally a lowering of the normal rate.

2601. You refer to the system existing in France, because there is no competition there?—Yes, as regards Interior and Inter-colonial rates. With regard to the latter part of my last answer, I was at the Budapest Conference, and I know that there was considerable difficulty in getting Russia to maintain her high transit rate for Indian traffic.

2602. But that is rather going away from the point. Take it as a fact that the different companies could not agree at the Conference at Budapest; and, therefore, the transit rate remained high. If all the parties had agreed, the Convention would have agreed to the reduction of the rate to India, and fixed a different rate—is not that so?—That is not so; I must give you a very general answer.

2603. I understood that the spirit of the action taken at the Conference has always been to reduce the rate when all parties were agreed—that is the evidence we have had?—As to the International Telegraph Conference, it all depends upon the constitution of a meeting of that sort. These International Telegraph Conferences really originally had to deal with general rules about sending messages at a certain time, and the odds and ends of carrying on the service, and had nothing to do with rates. The general principle running through the Convention is that each State or company remains master of its own rate, making the rate whatever it likes, so that in the case, if I may be allowed to say so, you were citing to me the rate which practically bears upon the tariff of India, unless pressure had been brought to bear on Russia to maintain this rate, Russia would have reduced its rate.

2604. That is its transit rate?—Yes.

2605. But that would have affected the companies that choose to levy the rates—they would be reduced?—If Russia had reduced her rate, the Eastern Company would have been obliged to reduce too.

2606. India has nothing to do with Russia?—As a competing line?

2607. You admit that it is regulated by the competition—that being competing lines, they have to agree upon a rate?—No—we are working at cross-purposes. The line that goes from Great Britain to India by agreement with the Russian Government, or with Germany, has certain agreements with certain taxes arranged, which are more apparent than real. Therefore, in order that the Eastern Company should maintain a 4s. rate to India, the great difficulty they had, and the Indo-European—they are all in the Joint Purse now—was to arrange tariffs which would be different to the real ordinary tariffs prescribed by the Convention—special rates had to be established instead of taking the natural rates.

2608. Russia is allowed 15½ centimes?—On that particular class of traffic. You can, however, get to the head of the Persian Gulf at a very cheap rate.

2609. But you say the difficulty has been to charge a rate which was sufficiently high in order to keep the rate to 4s.—Yes.

2610. I say that Russia's transit alone is 15½ centimes?—That may be so. I cannot say what the private arrangements are. I know that is the nominal amount, but I know, as a matter of practice in telegraphy, that the rates of the Convention are not the real rates paid. There are agreements in which there are rates shown by the Convention, but they are not what each administration gets. I know, as far as the Indian rate was concerned, that there was great diffi-

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culty, and the companies were in great trouble. They naturally desired to maintain that rate in their own interest, but Russia very nearly brought a climax on, but the companies managed to get over it. I forget what the amount would be. It would probably be a franc lower, or something of that sort.

2611. The point I want to make clear is that in the comparison you made between England and France you referred to the rates on her own lines, and you said they were much cheaper compared with our lines; but I say that is not a fair comparison, because there is no competition, and therefore France can get the International Bureau to agree to any rate she chooses to charge, but we are not in a position to do that?—Of course Great Britain at those meetings has always to pose as an administration *vis-à-vis* the other Governments. But anything that Great Britain apparently takes in the way of charges goes to the companies, because of the private arrangements and the Parliamentary power conferred upon the Postmaster-General, specifying that he has nothing to do with foreign telegrams. It is really a company's business, but the Government takes the position *vis-à-vis* the foreign Governments, and takes the part of the companies.

2612. Therefore we are in a different position from France, whose Government runs its own telegraphs?—I perfectly admit that.

2613. (Lord Londonderry.) We will go back to the tariff. Will you tell us how Great Britain compares with France as to Interior, European and extra-European rates?—In Great Britain the proportions between Interior, European and extra-European are about the same, but there is no inter-colonial rate as in France.

2614. At what rate does France carry per word?—France, in the illustration I have given, that is to say in the cables laid across the Mediterranean, carries one word over nearly 500 nautical miles of cable for 5 centimes, 10 centimes, and 20 centimes respectively—that is depending upon the class of message.

2615. Are those remunerative rates?—I have every reason to believe that they are.

2616. Do you think that they pay all the charges?—Certainly.

2617. Can you tell us on what you base those calculations?—In the case I have mentioned above I base the calculations upon the 10 centimes per word for every 250 nautical miles, which is, you will have observed, just half the facility that France gives, or about that.

2618. Now what do you think it is desirable that the Committee should consider?—My opinion is that it is desirable that the Committee should consider whether: (1st) a declaration should be made adopting the *Régime Européen* for Great Britain and its Colonies, for India and for Persian international lines, and in Egypt. (2nd) The Convention should be made law in Great Britain and its Colonies, and in India, and penal clauses should be added to the law. (3rd) It should be declared that as submarine cables offer themselves as public carriers tariffs and regulations on each section of cable should be the same for equal service to all persons or corporations using the line, and that tariffs of favour, exclusive dealing or discrimination of any kind should be forbidden under penalty for infractions. In other ways perfect freedom should be enjoyed.

2619. Supposing there was any failure in enforcing these clauses, what would you say?—The only step to take is State-ownership.

2620. Have you any views with regard to the termination clause being incorporated?—In certain agreements that really have to be made to which the sliding scales of tariffs are attached, as is the case, for instance, in the agreement made with the Cape of Good Hope—the Cape Colony Government with the Eastern and Eastern and South African Companies—in cases of that kind, where a sliding scale is adopted, I think it would be desirable to insert a termination clause, and I would suggest that this clause should prescribe a notice of twelve months on either side, the companies to be at liberty to raise the rates if notice is given by the Government, but they should not possess this right if they give notice.

2621. Do you think that there should exist anything in the shape of a partnership?—I think that it is highly objectionable that a partnership of any kind should exist between the Government and the Companies.

2622. Why?—As such a partnership would only strengthen the companies and do away with effective Government control through making the interests more or less common.

2623. Supposing the companies between Great Britain and India not to agree to the Government terms?—I should suggest that the Government might assist as much as may lie in its power the establishment of a new line to India.

2624. How can that be established?—To arrive at this result the European régime should be adopted, and Great Britain should be content with its inland rate of 6d. for twelve words, the Indian Government should be content with a terminal and transit rate of 2d. per word for all India and 1d. extra for Burmah, and the Indo-European Telegraph Department should not charge more than 4d. per word for the transit rate between Bushire or Fao and Karachi.

2625. Supposing this transit rate cannot be granted because of existing agreements, what do you suggest then?—If this transit rate cannot be granted because of existing agreements then the Indian Government should grant a concession for a new cable or cables free of all restrictions to be laid between Bombay and Fao or Bushire with a proviso that the collecting offices in India are not to favour either the Eastern Company's or the Indo-European Government lines. Also that the British Government will use its good offices with the Egyptian Government to facilitate the obtaining of the necessary landing rights for the laying of a competing cable from Malta to Alexandria, and grant the other necessary way leaves for the construction of private wires in Egypt.

2625\*. What effect would that competition have, do you think?—I think if competition of this kind were threatened it would doubtless produce on Indian tariffs the same effect as it had on the Australian tariffs when the rates were successively reduced from 9s. 4d. per word to 4s., and latterly to 3s. 6d. per word.

2626. What do you think of the rate to India—the 4s. rate?—I do not like to use a strong word. The existing rate is simply absurd.

2627. How do you compare the rate to India with Australia?—The rate to India at present is 4s., and the rate to Australia is 3s. 6d.

2628. Does that prove remunerative?—I think there is no doubt about it. In fact, the guarantee that the companies asked the Colonies to grant, of a certain revenue to reduce the rates, that guarantee was only called upon for two or three years, paying quite a small sum, and to-day this 3s. 6d. rate is established on a sliding scale tariff agreement. It has worked automatically down to 3s. 6d., and I think that the rate repays them amply, and is as remunerative as the 9s. 4d. rate was.

2629. (Sir John Ardagh.) Could you explain why the Brazil Company abstained from entering into the Convention?—Yes—you mean the policy?

2630. Yes?—They wanted to take away from the governments of Europe any power at all of interference. They wanted to say that they were perfectly clear to do as they liked and to have absolute freedom.

2631. They wanted to be able to compete without restriction?—They wanted to be able to carry on their business without any restriction, even a moral one.

2632. If you had gone into the Convention you would be subject to the clause relating to the lowering of rates?—No, if they had come into the Convention they would have had the annoyance of not obeying it. By not belonging to the Convention they avoided altogether the annoyance of disobeying.

2633. Can you tell me why the landing rights were refused at Bathurst and at Sierra Leone?—I do not know.

2634. Have you any reason to suspect why?—I cannot give any.

2635. But they were refused?—They were refused, and the first answer that was given was that as we possessed exclusive rights from the Portuguese Government and Cape de Verd Islands, we would not be permitted to land at Bathurst.

2636. Was it in any way connected with your landing at St. Louis?—No, because this line that I am referring to was a line coming from Cape de Verd Islands to Bathurst.



2637. But it did go to St. Louis; it was practically a line more to the advantage of the French than to the English?—No, the line to-day is exactly as we wanted it when we asked permission to land.

2638. But we did not regard it as a very safe line touching at St. Louis?—But it does not touch there. When we laid our cable from the Cape de Verd Islands towards Bathurst, we could not get a landing at Bathurst. We therefore made off Bathurst a tee-piece—the cables were joined together there—and certainly at that time the Cape de Verd Islands were in direct communication with Senegal. The tee-piece referred to was formed by joining together, in the sea, one cable coming from Sao Thiago (Cape Verd Islands), one from Dakar, and one from Bulama, in Portuguese Guiné. But when we sold the Sao Thiago portion to the African Direct Company, the landing rights were granted, and these very cables were connected to the shore at Bathurst.

2639. The Dakar cable and the St. Louis cable?—Yes, the Dakar cable and the Bulama one, as well as the Sao Thiago one.

2640. But at that time it was already in contemplation to lay the all-British line?—Yes.

2641. What year was that?—In August, 1885, and it went on for some time.

2642. That is considerably before the other lines were laid?—Yes.

2643. I should like to ask you whether the attraction of having a British domicile for the Telegraph Company would be considered sufficient to induce it to submit to considerable State control. Your company starting from Cadiz and going to Pernambuco has nothing to do with England, has it?—No.

2644. It does not start or end in British territory, but still it has got its habitat and domicile in London?—Certainly.

2645. Now if there was legislation of a severe character, sufficient to control cable companies in their conduct of tariffs and so on do you think that you would be sufficiently attracted by British domicile to submit to restrictions of that kind?—We would to a certain extent no doubt.

2646. It depends upon the extent of the restrictions?—Our shareholders would be English and our company would be English, and we would have the whole of the monies of the company for distribution, so that there would be a certain amount of control over the company if they did not do certain things.

2647. But it is conceivable that if the restrictions became very serious and there were infractions everywhere on the liberty of action of the companies that a point would be arrived at when the company would say to itself we shall not submit to those restrictions, we shall alter our domicile?—Yes, there is a great deal in what you say. I certainly think that that might happen, and facts confirm your opinion in that the persons who constructed the cables that run to the East have chosen English landing places because there has been absolute freedom. There has been absolute freedom as a rule in going to Gibraltar, to Malta, and to Aden. There is much more freedom than if they had landed in Spain or France, and that is proof of what you suggest.

2648. Now you say that the Government ought to have the power of enforcing compliance with the Convention of St. Petersburg and the General Telegraph Convention; what sort of penal sanction would you propose?—It would have to be done by agreement between the Powers at one of the Conference meetings—perhaps even by international treaty; that would be the best form. The Convention that we have got to work under is a most imperfect document, because the history of the creation of it is very imperfect.

2649. What it appears to want is a clause by which each of the signatory Governments undertook to pass all municipal legislation in order to enforce the rules of the Convention?—Yes.

2650. At this moment there is absolutely no sort of penal sanction at all?—No, there is not, but I believe that it is done in France and that the Convention becomes the law of the country.

2651. That is the case in this country with an International Convention, it has the force of law, but if it does not contain penal clauses it is non-effective; you are bound to obey it but there is no means of enforcing it. The person who is in the wrong is the Crown; if the

Crown does not take steps to enforce the obedience of its subjects, then the subjects can do as they like?—Yes.

2652. Do you think that the British are sufficiently strongly represented at the meetings of the Convention?—The British Government?

2653. I am saying the British interests generally?—The British interests are certainly not sufficiently represented.

2654. Have you ever attended one of the meetings?—Oh, yes. I was at the Conference in London in 1879, and at the Conference in Paris in 1885, I think. The Conference at Berlin I did not go to, but I did go to Budapest.

2655. How many British representatives were there at Budapest?—There were two classes of people there, Government delegates and representatives of the companies. The Conference is a conference of the delegates from the different States in the world which belong to the Telegraph Union. The companies are permitted to be present, to discuss but not to vote. Representing Great Britain there were—for the Post Office Mr. Lamb and Sir Henry Fischer and Mr. Benton.

2656. Those were all technical officers. What I am trying to arrive at is the voting power. Of course the Post Office if it had the vote in its hands had the only vote for Great Britain?—Yes, for Great Britain, but by delegation, for some of the Colonies.

2657. As to the Colonies, how many Colonial representatives were there?—The signatories were Mr. Lamb representing South Australia, and he also represented, with Sir Malcolm Fraser, West Australia—he had a vote for each of those. Then the Government of the Cape of Good Hope was represented by the representatives of the British Post Office; I suppose they had a vote for that. Then British India was represented by Mr. Luke and Mr. Finch.

2658. In short we had a very large representation, and if the whole of the Colonies had chosen to send representatives to the Convention they could have swamped the rest of the world?—Yes, about ten in all out of about forty, but the thing is this—the vote of Luxembourg is equivalent to the vote of Great Britain.

2659. And the vote of Russia is exactly the same as the vote of Luxembourg?—Yes.

2660. Do you think there would be any difficulty in the occasional meeting of the members as representing the Convention for the purpose of so revising the Convention as to deprive it of those terms which are now standing in the way of the reduction of the telegraph rates?—I do not know that there is anything in the Convention that prevents the rates being reduced.

2661. Well, there is the agreement with regard to the transit rates which prevents the reduction?—It only happens indirectly, for the Convention permits a private arrangement.

2662. (Lord Hardwicke.) Subject to the consent of the International Bureau?—I do not understand it so.

2663. (Sir John Ardagh.) Take for instance the rates to India, the Joint-Purse and the Indo-European and the Russian line are tacitly keeping up the rates; it is alleged by some people, merely because the Convention entitles them to do so?—I do not know that the Convention does entitle them. Of course I take only my own opinion of it, but I do not know of anything in the Convention to force Russia to keep the rates up or force the Indo-European Department to keep the rates up.\*

2664. You are not aware of any reason that we should leave the Convention for the express purpose of deriving the benefits of free competition?—No.

2665. You think that the Convention might be practically altered if necessary in that respect?—Yes.

2666. Do you see any disadvantages in leaving the Convention?—Yes. Take it as a British policy to leave the Convention—I do not know—France and the other countries might charge higher rates for British traffic passing through their own countries.

2667. In short if you abandon the protection of the Convention you place yourself in an attitude of hostility

\* Russia's transit rate of 150½ centimes on Indian traffic can hardly be considered a fair application of Art. XXIV., par. 7 of the Réglements de Service.—R. K. G.

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and you might be subject to the reprisals of any other nation?—Quite so; but as to the Convention itself, I have always considered that it is far more a document that dictates a general line of conduct than as having anything binding in it.

2668. Do you know who is supposed to have exercised pressure on Russia with a view to keeping up the transit rates on the Indian lines?—Of course I do not know. Admiral Suenson, the managing Director of the Great Northern Telegraph Company, that is the company that owns the line across Siberia, may have done so.

2669. Practically it is one of the amalgamations with the Eastern Company?—Yes.

2670. It has been represented that it would be quite possible to make a cheap land line to India. There is a land line practically to India but it is not cheap?—No.

2671. If it was reduced to the minimum which a land line might bear, do you think it would kill the cables altogether?—If the land lines were in one control—if the control were centralised in one management, I think it would very seriously affect the cable companies. Whether it would kill them or not I do not know, but it would very seriously affect them.

2672. (Lord Hardwicke.) The line would have to pass through various foreign countries, which would prevent a single control?—Take the Indo-European—the best service between Great Britain and India to-day—that is an overhead line from Emden right through to Odessa down to Teheran, and in fact to Bushire. It is all overhead—

2673. But it has to join the Indo-European Department; the line is not under one administration?—No; but there is a very long land line which gives the best service to India to-day; it gives a better service than the Eastern, *via* Suez and Aden—better in point of speed.

2674. (Sir John Ardagh.) If it were possible to bring down the price by the land line to one shilling to India, evidently the cables could not compete with that?—I do not know. I think that a one shilling rate would be very low. I mean to give a sufficient revenue to the existing companies.

2675. But at any rate there or thereabouts you would come to a point where it was no longer profitable to maintain a cable?—Certainly there would be a point at which it would not be profitable.

2676. Do you think that it is for the benefit of this country that the existence of the cables which have done so well in the past should be imperilled in that way?—Well, taking it from that point of view, I should say certainly not. But I would not say they should be in clover. There is a point to which they might be reduced, and their efficiency not be imperilled.

2677. Do you think that we ought to take into consideration the military and naval desirability of having cable communication which renders us independent of all foreign powers?—Yes; certainly it ought to be taken into consideration. But, of course, with a company like the Eastern Telegraph Company, how far their interest should be taken into account I would not like to say. In estimating a fair revenue it should be remembered that a great portion of their cables to-day were laid out of revenue. In the old days it was a fairly well-known fact that a tremendous revenue was made in excess of what any person could reasonably expect as a return for money invested.

2678. How would you propose practically to effect the reduction of the rate to India?—I am afraid there is nothing but competition and the fear of competition.

2679. How can you have competition, I mean short of the land line at the killing rate—how could you have competition by cable?—You cannot have competition by cable, you would have competition by a line of telegraphic communication.

2680. By a land line?—Yes.

2681. And that is open to the objection that you cannot possibly have a land line without passing through many foreign countries?—That is quite true; but from the tariff point of view there is not such a great objection to that.

2682. From the commercial point of view there is no objection to it at all?—None.

2683. But from a strategical point of view there may be very considerable objection in putting all your eggs into one basket, knowing that there may be a hole in it somewhere?—I perfectly agree with you.

2684. Have you ever considered how you would go

about effecting a reduction of the tariff?—By competition.

2685. I mean effective competition?—I think, unless there are undue barriers in Egypt and Asia Minor, that a competitive line can be established.

2686. That is to say, a cable communication to the coast of Asia Minor and then a land line across Asia Minor or Arabia to the Persian Gulf?—Yes; it is about 900 miles, I suppose. The book of Sir Frederick Goldsmith, who wrote about "Telegraphs and Travel" in Asia Minor, gives many particulars.

2687. (Lord Hardwicke.) The Fao line?—Yes; but it is managed by the Turkish Government, and they are always short of funds, and they cannot keep the line in good order.

2688. (Sir John Ardagh.) Do you know whether the French lines to Algeria and Tunis pay?—They certainly pay. I have not followed it lately, but we laid three of the cables, and I remember that some twenty years ago, when they started to lay them, I estimated the then existing cable as paying 18 per cent.

2689. What is the length of the cable from the French coast to Algeria?—490 miles or thereabouts.

2690. At any rate it is a tolerably good proof that a cable can be made to pay at a fairly low tariff?—Oh, yes.

2691. Practically with a cable; it was a profitable one, and only receiving about 5 centimes a word?—Yes.

2692. The other 5 centimes being spent on the land line?—That is so.

2693. (Lord Hardwicke.) With reference to the last point that Sir John Ardagh raised, there is no competing line to Tunis and Algeria, is there?—No.

2694. It is a Government line?—It is a State-owned line.

2695. There is no competition of any kind?—There is not.

2696. Did you wish the Committee to understand in relation to that that it was not necessary for France to get any permission from the International Bureau of the Convention in order to fix this particular tariff?—No, it is not necessary. The agreement in the Convention as to the rates to be charged by each country is specified in Article 24, and there it says, "The tax is established per word pure and simple"; and then it says: "In the correspondence of the *Régime Européen* one only and the same elementary terminal tax. One only and the same elementary tax of transit are adopted by all the States."

2697. That is European *Régime*?—Yes.

2698. France had to get permission from the European Bureau before she could fix that rate for Tunis?—I do not think so.

2699. You are not free to declare, with the permission of the International Bureau?—No, on the contrary, if France to-morrow reduced her tax between Marseilles and Algeria—for instance, if she chose to reduce to nothing—she could do it without consulting anyone about it.

2700. I was under a wrong impression then as to the Regulations of the Convention?—That is my view.

2701. Would you explain to the Committee exactly what you mean by a blocking tariff, more especially with regard to the cable to Ascension and Sierra Leone?—When I use the word blocking, I mean this, that as the company handling the message has to pay whatever is demanded of it by the other company that takes the message, when they put a blocking tariff on, the forwarding charge is so high that the company tendering the message has nothing left; the blocking company may make their charge so great that it would be equal to or greater than the total charge between the extremities of the route.

2702. You will agree with me that if both parties were competing and adherent to the Convention, that state of things could not arise. It is only when one party is not a member of the Convention that that could happen. A blocking tariff would be impossible if both the companies were in competition, and were to adhere to the Convention?—Of course. In one case, for instance, the South American Cable Company had an action against the Western and Brazilian Company. I know that they were overcharging us for messages handed to them at Pernambuco for transmission to Brazil and the Argentine. We had a law-suit about it, and the first thing that was brought up in the Court



was: "Have you an agreement with the company as to the rates to be charged?" I said, "We have the Convention." It was no use; the Court considered that the Convention was not binding enough. Well, things went on to such a pitch that we had to depend absolutely upon a letter exchanged as the only existing agreement, and this letter specified that the competing company was not competing.

2703. Was that the Brazilian Company?—The Brazilian Company were the competitors with the company in which I was interested.

2704. They are both British companies?—Yes, they are both British.

2705. And should be naturally adherents to the Convention?—They did not bring that in defence at all; they were what they call "partially" adherent; that meant that they adhered when it was useful to them, and when it was not useful they said, "We are not adherent."

2706. With reference to the desire to see the companies compelled by law to adhere to the Convention, there is a great power in the Government's hands which is exercised, and that is that on the granting of licences the agreement stipulates that the company shall adhere to the Convention?—I do not know, and I cannot pretend to know, what the Government's power is. I know there has been a committee sitting.

2707. The Cable Landing Rights Committee, when it is applied to, can stipulate the terms of the licence?—I do not know on what authority.

2708. But your desire can be obtained by the licence being worded so as to give the Government that power over the company which you desire to see?—Certainly.

2709. That would meet the object you have in view without having to pass legislation?—Yes.

2710. (Sir John Ardagh.) Of course that would not apply in the case of the Brazilian line, which starts at Cadiz and ends at Pernambuco, because that would not be under our control?—That is so.

2711. (Lord Hardwicke.) It would be only if the cable touched our shores?—Quite so. In connection with the point of having legislation, if there was some licensing law which might be attached specially to submarine telegraph companies formed in this country, my opinion is that it could not drive the formation of companies into other countries, which would be the only danger.

2712. (Sir John Ardagh.) With reasonable restrictions?—With reasonable restrictions. If you take, for instance, a cable from Great Britain to Adelaide, and going all round there, it is absolutely impossible as things exist for anyone to slip in between the two extremes. The company owning the through line would not allow it at all. The same thing happens in railways, and I recognise that it is a very complex question. Before you can compete with the Eastern and Eastern Extension companies to Australia, one would have to lay a line complete in itself from Great Britain to Australia. As things are one cannot bring any pressure to bear upon them to make them reduce rates on each different section. You would require to duplicate the lines from end to end, and that is difficult to deal with.

2713. (Lord Hardwicke.) With reference to the line to India, supposing a new cable were laid at the expense of the British Government, that would not necessarily result in the reduction of the rate?—Not necessarily.

2714. From here to India an entirely new cable would have to be laid?—It would necessarily.

2715. Because the Government, if they wished to charge a low tariff, they could not?—Oh, yes, they could.

2716. Why—the Convention?—My view is that the Convention is a convention of rules for carrying on the service, and is not binding as to tariffs, and that is the whole point.

2717. I will read to you Rule 27: "Alterations of the rates or of the bases of application of the tariffs which may be agreed upon between interested States, by virtue of Paragraph 4 of Article 10 and of Article 17 of the Convention, must have for object and effect not the creation of competitive charges between existing routes, but, on the contrary, the opening of as many routes as possible to the public at equal charges; and the necessary combinations shall be so made that the terminal rates of the first and final administrations remain

equal, no matter what route is followed." That surely shows?—But the French word is *devront* in the original, instead of the word "must," which appears in the translation you are quoting from. I submit that the proper translation is "should."

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2718. You believe that in these circumstances the Government would have the right to charge a rate quite independent of the existing rate or of the Convention?—Certainly. In my opinion I could lay a cable parallel to any of those sections, and establish such rates as I wanted. In Section 8 of Article 24 it reads: A special transit tax may be established in each particular case for submarine cables. That is referred to in the article you have just been citing, so that even from the submarine cable point of view it is a mere question of Article 24, Paragraph 8.

2719. Then there is another point which rather bears upon the position occupied by France. It says here: "No new charge or modification, either of a general or partial character affecting the tariffs, shall come into operation before the lapse of at least 15 days after its notification by the International Bureau, the date of notification not included." They have to communicate?—I beg your pardon—as a matter of practice it is adhered to as far as possible. I am talking of the practice—it is certainly not adhered to if a competing company gives notice of a new rate. In that case the other line that is affected, the competitor, can give his notice immediately that he will come down to the same rate as his competitor. He can do that without 15 days' notice.

2720. He can equally refuse?—But he gets no traffic; he has to follow the reduction. Quite within the last two or three months the lines to South America reduced the rates—that is, the Eastern Telegraph Company notified that the rates to Brazil and to the Argentine *via* Madeira would be reduced by 6d. a word. They notified that, and the competing company *via* Teneriffe had also to reduce its tariff, and they were never consulted as to whether it was desirable to reduce the tariff or not. They simply were obliged to follow, and that is the situation that exists amongst telegraph companies where no special agreements exist. My view may not quite bear on the situation so far as communication between India and Great Britain is concerned. That is a more complicated thing, and there may be a private arrangement there which I do not know about.

2721. If India declared that she would come under the European *Régime*, do you mean to say that anyone could raise any objection?—The Eastern Company could raise objections, but non-effective objections.

2722. I understand you to admit that if that reduction was introduced it might not be a payable one for the companies concerned?—If the European *Régime* were introduced, it would force, of course, France to carry Indian traffic at 1d. a word instead of 2d.; and it would also hit the companies that have lines connecting European countries, such as the Eastern Company have, but would benefit others.

2723. The Eastern Company is a cable company—I am only trying to get at what the transit would be to India, and, therefore, how much a word to India it would cost under the European *Régime*. I understand it would be something under a franc?—Yes.

2724. (Sir John Ardagh.) It is 65 centimes to Fao now?—Yes.

2725. At this moment you can send a telegram to Fao for 65 centimes, can you not?—Yes. The Postal Guide gives the rate as 6½d. *Régime Européen*.

2726. But if you send it on to Karachi it is 4s. 6d.?—Yes; it is quite a remarkable difference. They start from London to Emden, 30 centimes; then to Odessa is 58 centimes; and Odessa to Tiflis, 75 centimes; Tiflis to Teheran, 1 franc 87½ centimes; Teheran to Bushire, 2 francs 21½ centimes. Those are blocking charges.

2727. And from Bushire to Jask?—I am afraid I have made some mistake here. The Anglo-German is 27½. Germany gets 20 centimes, and Russia gets 15½ centimes. I shall have to correct these figures.

2728. (Lord Hardwicke.) This is on the existing lines?—Yes.

2729. I wanted to know what it would be under the European *Régime*?—Under the European *Régime* for England it would be nominally 10 centimes for the Anglo-German cable, and then 8 centimes for Germany,

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and then 30 centimes from Germany through Odessa to Tiflis, and the others in proportion. It is very difficult for me to give the absolute rates, because you require to fill in certain things that are not quite certain in these estimates.

2730. But I gather that, generally speaking, under the European *Régime* the transit rates would not amount to more than 80 centimes?—That is pretty correct.

2731. And that would enable a message to be sent for a franc or thereabouts?—Yes.

2732. But it is possible that the companies would not be able to make their dividends on such a low tariff?—They would not.

2733. What is the object of joining the European *Régime*? Is not the same result obtained by reducing the rates in the extra-European *Régime*?—My object is that Great Britain can actually declare the *Régime*, thereby causing a reduction, and these companies would require to make the reduction to the public.

2734. It would be for England to declare, quite independent of the company, that there should be a European *Régime* to India, and that would force the companies to reduce their rates, even if they could not do it as low as the European *Régime* required, but they would be obliged to reduce sufficiently to satisfy the English Government?—That is my point. I would not be at all surprised if that followed.

2735. (Sir John Ardagh.) Have you got in the statistics a discrimination of the charge from Fao to Karachi? That is the reason for which we applied for the rates from Karachi to Bushire and Bassora?—You want the analysis of the rate to India?

2736. The cable charges between Karachi and Fao and Karachi and Bushire which as Lord Hardwicke observed were kept up by artificial rates merely for the purpose of conforming with the Joint-Purse arrangement: is that so?—Yes. You want a statement as to the rate?

2737. (Lord Hardwicke.) We have got the rate to Fao and that is only 65 centimes?—From Fao on page 88 of the Convention.\*

2738. (Sir John Ardagh.) Could you get from Fao to Karachi—the intermediate branches do not matter for this purpose?—It is smothered up—some of these rates can be got by inference more than by direct statement.

2739. The fact is that the Fao rate is the difference between 4s. 6d. and 65 centimes?—Yes. On page 60 of the Convention they give the analysis: It says *via* Russia: Europe gets 52½ centimes and Russia 1 franc 50½ centimes, and Persia 94 centimes, the Persian Gulf 1 franc 45½ centimes and British India, of course, 57½ centimes. Now, on certain traffic British India gets 35½ centimes. There is a lower rate given in India for Australian transits than for a terminal charge for messages to India.

2740. (Lord Hardwicke.) The messages pass through India and the Indo-European Department consented to

\* The rate from Great Britain to Fao is 67 centimes under the European *Régime*, and the transit rate from Fao to Karachi on Indian messages *via* Turkey is 1fr. 90½c., under the extra-European *Régime*; the Indian terminal rate is 57½ centimes under the extra-European *Régime*. It will, therefore, be seen from these three sets of figures that a possible rate from England to India is 3fr. 15c.

Again the rate from England to the Russian Caucasus is 58 centimes under the European *Régime*, Persia gets 94 centimes on Indian traffic under the extra-European *Régime*, and the Indo-European Persian Gulf section *via* Fao gets 1fr. 45½c. under the extra-European *Régime*, and of course India gets its 57½ centimes. This gives a possible total tariff between England and India *via* Fao and Russia of 3fr. 55c.—R. K. G.

that reduction?—That is quite true. But as a rule in Europe under Conventional rules the general tendency is that transit rates are equal to terminal rates. Where there are 10 centimes for transit there are 10 centimes for terminals, and where there are 20 centimes for transit there are 20 centimes for terminals. So that if that application were made to India there is no reason why 57½ centimes should be received by the Indian Government for distributing a message in Bombay and 37½ centimes for telegraphing to Madras, which shows a difference between the transit and terminal tax. The work done in the second case in connection with the transit is probably less.

2741. (Sir John Ardagh.) Can you explain how it is that the Russian transit charge is so high?—I am afraid I cannot. You mean that it is so high for this particular traffic?

2742. Yes?—I cannot understand it beyond the fact of its being a blocking charge. I cannot call it anything else.

2743. Or a partition of plunder?—Yes.

2744. (Lord Hardwicke.) As a matter of fact, Russia only receives 37½ centimes and gives back the difference to the Indo-European Company?—Yes.

2745. Can you give a rough idea of what a new cable to India would cost?—I have not thought of it. I should think by valuing, for instance, the Eastern Company's lines you might get at it. The distance between Bombay and Aden is probably 1800 miles. Now a cable of 1,800 miles would probably be taken roughly at £220 a mile perhaps.

2746. (Sir John Ardagh.) Including laying?—Yes, everything. Then up the Red Sea from Aden to Suez the length is probably 1,400 or 1,500 miles—1,800 miles from Bombay to Aden and from Suez to Aden about 1,400 or 1,500 miles. The latter cable could be laid for about £150 a mile. Then from Port Said to Malta £150 per mile, and the length is about 900 miles. Then from Malta to Gibraltar is 1,100 miles, and that would cost £150 a mile; then from Gibraltar to England probably 1,100 miles—it is 800 miles to Lisbon and then about 340 round, say 1,200 miles, and that would cost £150 per mile. That is a single line of 6,450 miles, costing about £1,100,000.

2747. (Lord Hardwicke.) Is there anything else you would like to have an opportunity of stating?—As an illustration of some of the difficulties, I was looking the other day at a paper that has been submitted to Parliament about an agreement made in relation to Chefoo and Wei-hai-wei. I thought it showed the danger of some of those styles of agreement. There are a great many recitals in the first part and amongst other points it says on page 4—

2748. (Sir John Ardagh.) Is that the contract between the Eastern Company and the Treasury?—Yes. I may mention generally that there are certain exclusive rights granted under this agreement to the Great Northern Telegraph Company by China and to the Eastern Extension Telegraph Company, and apparently the British Government propose to sign this agreement, and there is an article of this sort in it—it shows that the British Government is taking cognisance and fathering to a certain extent the exclusive rights granted by China. I think the document has that in it if you will read it (*handing it to Lord Hardwicke*). Now I do not think that it is perhaps quite intended, but I would fancy that in the future it could be brought forward by the companies in dealing with the British Government as an argument and they would say: "You know all about our exclusive rights in China and to a certain extent you approve of them."

2749. (Lord Hardwicke.) Do you refer to paragraph 8, which is an agreement giving exclusive rights?—That is quite right. That is the point.

2750. Is there any other point you wish to speak about?—No, I think not.

## TWELFTH DAY.

Monday, 10th June 1901.

PRESENT :

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*).The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C.M.G.Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.  
Rear-Admiral CUSTANCE, R.N.J. H. LINDSAY, Esq., *Assistant Secretary*.

The Right Hon. Lord GEORGE FRANCIS HAMILTON, M.P., called; and Examined.

2751. (*Chairman*.) You are, as we are all aware the Principal Secretary of State for India?—Yes.

2752. In the course of our inquiry we have had several complaints made to us on the part of the commercial community, notably by Sir Edward Sassoon, of the high rate per word for telegraphing between London and India. Have you met the complaints made to the Department as Secretary of State?—Yes, we have had a number of complaints of the rates, made both here and in India, and it was in consequence of those complaints that we made a strenuous effort to try and reduce the existing rate. The Committee are no doubt aware of what the upshot of those efforts was, and I think the correspondence that passed between the India Office and the Treasury has been laid before this Committee. We undoubtedly could not have thrown as much vigour into the task before us of attempting to reduce those rates if it had not been for the representations which have been made to us from various quarters as to the necessity for their reduction.

2753. In the course of our enquiry we seem to have arrived I think at this result: that the maintenance of the rate depends upon a variety of mutual agreements partly under the Convention but perhaps more notably by what is known as the Joint-Purse Agreement, so that nobody seems to have the power of reducing the rate at the present time?—We found that out from painful experience after we had carried on our negotiations with different Departments and different companies for some time.

2754. You would agree I suppose with me that the fact that a British owned company is unable to reduce its rate for telegraphing between London and Bombay without the consent of certainly one and probably two European Governments, is an extraordinarily unsatisfactory state of affairs?—Most unsatisfactory, and I think it puts the Home Government—the Indian Government I should say—in a ridiculous and humiliating position.

2755. Have you any suggestion to make as to the policy which this country could usefully adopt?—In the despatch we sent to the Government of India I think we enumerated all the obstacles that we were conscious of, which prevented us from effecting a reduction in the telegraphic rate to India. I am told that in addition to the objections which we enumerated, the Post Office have stated that there is a Regulation of the International Convention which also in their judgment interfered with a reduction, if their interpretation of this rule is correct. They say it requires the unanimous assent of the interested administrations before a reduction can be made. I put that on one side, because I have no personal knowledge of the working of this Regulation or of the interpretation which should be put upon it. But, from the facts that have come before me, any extension of an overland telegraph system between England and India must always be subject to the objections which we have recently had to encounter; and although I think it would be advisable, if we could do so, to improve the communication between Fao and Constantinople, and possibly in other ways run out small branches in connection with the Indo-European Telegraph Department, I certainly think it would be unadvisable to advise either company to spend money on overland routes or for the Government to spend money.

2756. It would probably be fair to your Department to say, would it not, that this Joint-Purse has worked

in practice in a way which was not, and probably could not have been, foreseen when made nearly a quarter of a century ago?—No, it is very difficult for anybody who is not a telegraph expert to be able to sum up the *pros* and *cons* for a joint-purse arrangement, but I think one may fairly assume that its promoters did not foresee what the consequence would be when they entered into it.

2757. It is almost a commonplace—in fact quite a common place to say that such a land route across Europe, Asia and India under the most favourable circumstances can be worked more cheaply than any submarine cable from the same point?—Yes, of course one cannot tell what improvements may be made, but under the existing condition of things that is the result.

2758. But can a land line of even considerably greater length than a submarine line, be comparable to a submarine line? If the land line is through a settled country it may be erected and maintained and managed so much more cheaply than a submarine cable and do so much more work, that in all probability it would always under-sell a submarine cable—is that not so?—I believe that is so. I would not like to give an absolute opinion because I only pick up my information second-hand, but that is what I am told at second-hand by the Departmental officers, that a land route can be worked cheaper.

2759. I ask you to assume that. If that is so, the Joint-Purse Agreement would have an important bearing for the protection of the submarine telegraph, would it not?—Clearly.

2760. It is fair to assume that that was the consideration which was uppermost in the minds of those who went into the Joint-Purse arrangement in 1877 and 1878?—Yes, I imagine it was to stop the policy which is known as cutting rates, and that the Joint-Purse arrangement would in time of peace and quiet be more beneficial to the submarine cables than an overland route perhaps.

2761. You would assent to this, that as a matter of policy in time of possible danger or disturbance a submarine telegraph is of great importance for use between London and India?—Of enormous importance.

2762. And therefore any policy which had the effect of killing the submarine telegraph would be bad for this country?—I think it would be almost fatal. Just to give an illustration. Even in time of quiet and of peace we cannot send any message—or rather we do not think it advisable to send any message of importance connected with the Indian Government *en clair* through the overland route.

2763. Then does it not resolve itself into this, that if there is no Joint-Purse arrangement, and if a land line could undersell the submarine telegraph, the submarine telegraph must be favoured or subsidised or the equivalent practically put upon it in some such way as to enable that route to be maintained in time of peace as an Imperial interest?—I put it the other way. I think our policy ought to be to take care that the submarine cables are not over-handicapped in time of quiet. I should not like to go so far as to say that we must necessarily assist them pecuniarily or otherwise, but I think we ought to most carefully watch the competition between the two so as to take care that the only dependable lines of communication which we could have in time of war are not crushed by competition in time of peace.

Right Hon.  
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2764. Are you free as a Department to send all your traffic by any route you choose; so as to take care that the route most favourable to you and most useful to you will not be handicapped out of existence?—Well, there was an understanding some years back to which the Secretary of State gave expression in a despatch to the Government of India that the Indian Government would try and protect the Eastern Telegraph Company from undue competition. I do not know if the Committee have got the actual words before them.

2765. Perhaps you would read the words?—It is a despatch written in 1882 by the Secretary of State for India. The Secretary of State "entertained the opinion that it would be highly inexpedient to encourage on light grounds competition against a company in the position of the Eastern Telegraph Company, which has embarked large capital in existing lines, and *à fortiori* if that competition should come from a foreign agency. . . . He was prepared, so far as the Indian Government had jurisdiction, to secure the company against competition not necessary with a due regard to the public interests, subject to the company maintaining their lines in a thoroughly efficient condition, and providing additional cables as and where required by the increase of traffic." So far as I know, no Secretary of State has gone back upon that opinion.

2766. And you would not yourself be inclined to go back from it?—No. Perhaps I might just extend that. When the India Office officially gives expression to an opinion, that opinion, I think, ought to carry more weight than the opinion of a mere Department. Now in all this telegraphic controversy the despatches which have been written upon it have been subjected to rather an exceptional ordeal which is peculiar to the India Office. As I daresay your Lordship is aware, the Secretary of State for India is Secretary of State in Council; that Council is composed of exceptionally experienced men, and they are sub-divided into committees, which correspond with the different departments of the office, and every branch of Government is represented inside that office. Now, a despatch such as that from which I have quoted, or the despatch we addressed to the Government of India for the reduction of rates, would go through the following procedure: It would come down from the Department; it would go to the Under Secretary and the Secretary of State; and then it would as a matter of course go to the Public Works Committee. That Committee would be composed of members of Council who were specially conversant with questions connected with communication, both railway and telegraphic. They would look at the question from that point of view. If it involved any charge, or was likely to involve any charge upon the revenues of India, their proposals would go on to the Finance Committee. The Finance Committee represents practically the Indian Treasury. The Finance Committee at the present moment are an exceptionally strong body. That Committee is composed of a very leading City financier for one, Sir James Mackay, who is at the head of one of the largest of our navigation companies; Sir James Westland, the well-known Indian Finance Minister, and Sir Charles Crosthwaite, who is an Indian official of exceptional ability. This Committee would look at it from a financial point of view. Assuming that they agreed to it, it would go back to the Council, and they would look at it from a general Indian standpoint. The result therefore of any opinion to which the Secretary of State has given his assent represents a most thorough threshing out of the subject, and by men who are experts on each particular point of view of the subject from which they have been asked to investigate it. Therefore the opinion of the Secretary of State in Council in any despatch of this kind ought to carry with it, I think, somewhat greater weight than ordinarily would be attached to a Departmental despatch.

2767. In the course of the evidence of the various interests that have been represented before us, we have endeavoured to discover which is the interest that is really stopping the proposed reduction of rate between London and India. The Indo-European Company are inclined to lay the blame either upon the Russian Government or the German Government. Have you been at all privy to the negotiations which have gone on between these two countries?—Yes, I have not initiated them, but they have all practically passed through my hands. The obstacle, I should say, unquestionably is, first, the German Government, as they wish to obtain a concession in other directions by means of the power of veto which they possess. The

Russian Telegraph Department is apparently less hostile, and their objection, I understand, is one of a Departmental kind. They look at the proposal from the Post Office point of view, and they point out that there may be certain objections as regards their own Post Office and telegraph system if this reduction is adopted. I think their objections might be more easily overcome, but the German opposition is more serious.

2768. Do you feel inclined to express an opinion as to which of the two objections which are laid at the door of the German Government is the one which is uppermost in their mind? One objection is that the German Government make difficulties because we have refused them certain landing rights for their Atlantic cables?—I think that is one of the motives—I think that was the main motive.

2769. The other suggestion is that the German Government is already receiving upon each of the messages a smaller number of centimes than it is entitled to, and it thinks that it ought not to be asked to further reduce its share of the joint rate, even if the gross rate is reduced. Have you ever heard that?—I do not attach very much importance to that objection, because they would in all probability recuperate themselves by the increased number of messages, and that must be apparent to any practised telegraphist.

2770. (Lord Onslow.) Under the Convention it is not possible to reduce the rate by any one line without reducing it similarly by all lines between England and India, subject to the consent of the parties; is that not so?—I was not aware of that. I thought that the Joint-Purse arrangement stopped the reduction.

2771. Does not the Convention also stop it?—I understand the Post Office advances that argument. We believe that it was a combination of the Joint-Purse arrangement and the terms on which the Indo-European Company obtained their concessions from the territorial administrations. It was rather the two working in combination which prevented the reduction being made.

2772. But if it be otherwise, and you lay your new submarine cable and reduce your rate to, say, 1s., you would be obliged to go out of the Convention unless you got the consent of all the companies that compete with you?—If the interpretation which the Post Office put on this 27th Regulation is the correct one, I assume that would be the case, but the words are very involved, and not very clear.

2773. Have you at all considered what would be the consequence of leaving the Convention. Would it be worth while to denounce the Convention for the purpose of getting a reduction to India?—I should hardly like to answer that. It is important, and the more we have thought over the matter the more the necessity of reducing the rate between India and England is impressed upon our minds.

2774. You would be prepared to go great lengths in order to obtain that?—Yes. For instance, we are prepared to put a charge of £45,000 a year upon the revenues of India, which is an evidence of the importance we attach to the reduction of the rate.

2775. One other point. The line which you mentioned down to the Persian Gulf over Turkish territory—I think the India Office has done something towards inducing the Turkish Government to maintain that in a state of efficiency?—We have tried very hard, but we have not done much.

2776. You have done so both by giving a sum of money and by supplying material?—We have supplied material, but as long as we have not control of the working of the line I do not think there would be improvement.

2777. Unless you have a different class of officials you are not likely to have an efficient service?—That is so.

2778. But I take it that the India Office would oppose any other British company laying a line along that route?—Yes, I think that would be so unless it was in combination with the Indo-European Department.

2779. Well, then, what would be the financial position of the line from Teheran to India, which is the property of the Indian Government, supposing there was a new cable and the rates were reduced; would it not become practically a loss?—Yes, we should lose proportionately, you know.

2780. But that you are prepared to face?—The £45,000 a year covered the risk of loss that we esti-

nated on all the messages that passed between England and India—I will not say covered the whole risk, but one-third of it.

2781. The origin of the Joint-Purse was to connect that line with the Indian Government originally, was it not. I think that Mr. Finch told us that—Well, I am not sure. I think Lord Balfour of Burleigh put the other case strongly, that inasmuch as the messages could be put cheaper over a land route than a sea route, the Joint-Purse was rather for the benefit in time of quiet of the submarine cables.

2782. All that I want to get is that all these points have been considered, and although there may be a certain loss involved to the Indian Government, you are prepared to face that loss for the sake of giving an enormous boon to the commercial community by a reduction of the rate?—Oh, yes. The negotiations went on for a long time. I think at first we were a little chary of putting an extra charge upon the revenues of India, but little by little the immense importance of the diminished cost of communication between England and India supervened. I may say generally the policy of the India Office has always been to try in every way they can to strengthen and to thicken the communications, and consequently the relations, between Great Britain and India—and of course a reduction of telegraphic rate does operate in that direction—and independently of the financial benefit it is also a political benefit.

2783. There is one other point. There is in India a system of ordinary and deferred messages, inside India itself. Has the India Office ever been approached with regard to the suggestion of deferred messages at a cheaper rate between India and England?—The suggestion was made.

2784. At the India Office or elsewhere?—Speaking from memory, my impression is that the objection came from the telegraph companies.

2785. And also from the Post Office?—I think so. It was the objection of experts. I cannot recollect exactly in what company it originated, or whether the companies were all combined.

2786. I think they were all opposed to it. I want to know the amount of pressure of the public outside on the India Office to get a deferred rate. Has it been considerable from the commercial community?—No, it was a suggestion. I cannot recollect where it came from—I think it was Egypt. I think Lord Cromer made it—it would come from Lord Cromer—but I forget whether it was based upon his experience in India or Egypt.

2787. But from questions asked in Parliament you have not been so strongly impressed?—No. We suggested that it would help the telegraph companies, that they would be able to work their traffic in the slack time.

2788. But, as a matter of fact, it is very much used and very popular in India itself?—So I understand.

2789. (Lord Hardwicke.) Putting aside the land lines through Europe, do you think that strategically the connection between this country and India is satisfactory—that is to say by cable?—I think it wants strengthening; we must be prepared for emergencies.

2790. Therefore an extra cable to India, which does not run parallel with the existing cables, is an object to be aimed at?—Clearly.

2791. (Sir John Ardagh.) In the negotiations that have taken place with the Turkish Government, both by representatives of the India Office and the Eastern Company, those two parties have usually been opposed to one another, have they not?—Yes, I imagine they are.

2792. Perhaps not actively, but passively?—Passively.

2793. If the Eastern had ever been on the verge of getting a concession for the Constantinople-Fao wires, the India Office would not altogether have approved of it?—Well, I think they would certainly have preferred to have it themselves. The Indo-European Department would have preferred to have it themselves.

2794. Would it not be possible now for the India Office, in combination with the Eastern Company, to renew the endeavour to procure a concession of that line or of another land line to complete the connection?—Yes, I think something might be done in that direc-

tion, and I understand there is a proposal, but I do not think it has taken shape yet, and I am not sure if it was proposed that it should be an entire British line. I think there is a suggestion that the German telegraph companies should combine.

2795. The Germans have got rights of a certain kind over the telegraph line as far as Bagdad?—Yes.

2796. But there is still a very open line which has not yet been entrenched upon by anyone, namely, from the north end of the Red Sea to the north end of the Persian Gulf. It has been advocated by various irresponsible persons, but I am not aware that it has been taken up by the India Office?—No, it has never come before me at all.

2797. Do you think it would be worth inquiring into that?—I do not quite know enough of the character of the country through which it would run.

2798. Oh, it is a desert; and the Turkish writ hardly runs in it. As you may recollect, recently, during a little war between the sheikhs the Turks could not interfere in the country. They have no power; it would be a matter of arrangement with the sheikhs?—Of course the question of jurisdiction in all that part of the country is not, I think, thoroughly stable, and I think if we were to put up ostentatiously any claims for a protectorate over a larger tract of country, we should find the Turkish Government very hostile.

2799. Now in regard to the Telegraph Convention, do you think that it is possible to alter those clauses which we find objectionable without departing from the Convention, which undoubtedly contains many useful conditions, and facilitates the interchange of messages from one country to another?—I am afraid I have never looked into that question. All the information that I can give is derived from documents that pass through my hands, and I have never had to look at all into clauses or regulations of the International Convention, still less of the interpretation of which they are capable.

2800. But from the purely abstract point of view you will probably be prepared to agree that it would be desirable to maintain the useful part, even if the objectionable part was swept away?—Oh, clearly. Any improvement of the Convention, I think, should have our support.

2801. The interests of the Joint Purse are terminable. Has it been considered by the India Office whether it would be worth while to buy out the unexpired term?—No. But I am doubtful if the Indian Government would consent to such an expenditure, for I assume that if it was done with a view to cheapening the telegraph rate between England and India, the Indian Treasury would have to pay the cost.

2802. But I understand that you are prepared to make a certain sacrifice in order to cheapen rates?—Yes.

2803. And if the cheapening of rates should come about at once, and the sacrifice was in the nature of a very short terminable annuity, it might be worth while dealing with it?—It would depend upon what the charge was which was proposed to be put on the Indian revenues, and against that you must put what the benefit would be, and I do not think you will get the Indian Council or the Government of India to go beyond a charge of £45,000 a year.

2804. Well, £45,000 a year is a continued subsidy, but perhaps for some of the advantages which are enjoyed under the Joint-Purse arrangement, which expires in 1904, they have only three years to run?—Well, of course, the arrangement we made is one which we hope will not impose a permanent charge of £45,000 a year. As the traffic increases we hope that that charge will be reduced.

2805. But it will be preferable to pay £100,000 for three years rather than £45,000 a year for ten years?—It depends upon what you get. I have never looked into your suggestion. It has never come before me, and, of course, it would want very careful consideration. You must balance what you give for what you get.

2806. I understand from your reply to the Chairman's question that you are decidedly opposed to any arrangement which would tend to reduce the profits of the cable companies to such a point that it would be no longer possible for them to continue their existence?—Oh, clearly.

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2807. (Chairman.) Is there any point we have missed that you would like to speak on?—No, I could only reiterate that the more we looked into this subject the more desirous we became of effecting the reduction. I do not know that you have got the correspondence which has passed between the Secretary of State and the Indian Government.

2808. (Lord Hardwicke.) I put it in?—That gives evi-

Mr. WILLIAM STRATFORD ANDREWS, Mr. T. W. STRATFORD ANDREWS, and Sir WILLIAM ROBERT BROOKE, K.C.I.E., called; and Examined.

Mr. W.  
Stratford-  
Andrews,  
Mr. T. W.  
Stratford-  
Andrews,  
and Sir W.  
R. Brooke,  
K.C.I.E.

2810. (Chairman.) (To Mr. William Stratford Andrews.) I understand that up to a recent time you were manager of the Indo-European Telegraph Company?—I was managing director.

2811. I will take you very briefly over the history of the company. I think it was started in 1868, was it not?—It was.

2812. The object being the establishment and working of a direct and independent telegraphic communication overland between this country and India?—Between this country and Teheran, in connection with the Indo-European Telegraph Department, which extended from Teheran to India, so that by that line there was through telegraphic communication.

2813. Would you describe the line which was chosen?—The line chosen was from London to Lowestoft, and the German line was from Lowestoft to the German coast by submarine cables. From the German coast, from Emden where the attachment was made, to Berlin, and so on to the German-Russian frontier. Then down through Odessa to Tiflis, and so on to the Persian frontier. Then from the Persian frontier through Tauris to Teheran.

2814. And the length of line which you have just described is 3,700 miles?—That is so.

2815. It was opened for traffic, I understand, in 1870?—Yes, before April, 1870.

2816. And it has been worked under concessions from Germany, Russia, and Persia?—Precisely.

2817. But I understand the lines do not belong to the company, but to the respective Governments, do they not?—Not quite so at present. The line between London and the German coast belongs from London to Lowestoft to the Post Office; from Lowestoft to Germany one line belongs to Germany and one line to the Post Office. Through Germany the lines belong to the German Government. From the Russo-German frontier to Odessa and Teheran they belong at present to the company. At the end of five years the line through Russia passes over to the Russian Government, the company having reserved under its concession all its present rights and obligations—practically a lease.

2818. Originally the concessions were granted to Messrs. Siemens Brothers, were they not, and transferred to your company with the consent of the various Governments concerned?—That is so.

2819. Will you describe the German concession?—Well, that is rather a large order. Can your Lordship tell me any point?

2820. All that is necessary is on this paper, with which you supplied me, if you will read it?—The original concession was granted on the 26th of August, 1867, for 25 years from the opening of the line, which, as before stated, took place on the 31st of January, 1870, the concession expiring therefore on the 31st of January, 1895. The concession was prolonged from the last-mentioned date on the 17th of December, 1871, for 10 years, expiring, therefore, on the 31st of January, 1905.

2821. I think there is something more about the German one yet?—There is only this, that we endeavoured to get an extension of the German concession, but that does not appear in this paper.

2822. Do I understand that an agreement has been come to between the German Telegraph Government Administration preliminary to the concessions and subject to the final assent of the Imperial Government?—No.

2823. May I ask why you say so in this paper?—There is an agreement which has still to be confirmed by Government, and the concession has still to be given by the Government.

2824. I am trying to get information from you, and

dence how sincerely anxious the Indian Government were to effect this reduction; and Lord Curzon, with the unanimous consent of his Government, was prepared to go even further than the Indian Government here.

2809. (Chairman.) The point is this. What is the price that we are prepared to pay for the change?—Yes. I do not think that the Indian Council, who are masters of this matter, would go beyond £45,000 a year.

I am only reading what you have supplied me with?—An agreement has been made between the Indo-European Telegraph Company—

2825. You need not read it again if I had read it rightly?—You have read it quite rightly.

2826. And the same way with regard to the Russian concession?—The first concession was granted on the 1st of September, 1867, 25 years from the date of the opening of the line—that is, the 31st of January, 1870—lasting therefore up to the 31st of January, 1896. This was, however, replaced by a new concession, granted 16th November, 1873, which came into force on the 3rd of February, 1874, expiring 31st January, 1906. The last-mentioned concession has now been replaced by a third concession for 25 years, dated 25th December, 1899, coming into force on the 1st of January, 1900, and expiring on the 31st of January, 1925.

2827. The Persian concession has been prolonged to the same date, has it not?—Yes. Shall I read that?

2828. I do not think it is necessary. Now have you complete control of the working of your message tariff under these concessions?—No; the tariffs are fixed by the Governments who are members of the International Telegraph Convention.

2829. I am not on the International Convention, but on the Government concession. I was not speaking of the International Convention at the moment?—No.

2830. Why do you say so, because in your paper you say, "The concessions are so framed that the company is not impeded in the working of its message traffic"?—

(Sir W. R. Brooke.) We say "traffic," which is a totally different thing.

2831. I misread it; but what do those words imply?

(Mr. William Stratford Andrews.) It means that we have not any interference with the ordinary manipulation of the traffic over the line.

2832. You may employ persons of any nationality that you like?—At present we may.

2833. And up to the end of 1925?—After 1925, between, in fact, now and 1925, we are bound to establish schools in Russia for the education of Russian clerks, who are afterwards to be engaged in the service of the company. English clerks would go on working as they do at present except that as they dropped out they would not be replaced.

2834. What are the conditions as to the tariffs?—The conditions as to the tariffs are those settled by the rules and regulations and tariffs and tables of the International Telegraph Conference, applicable to all the Governments in their International Tariff relations over all lines. The transit rates of Germany and Russia for Indian and Trans-Indian messages cannot be altered without the consent of the concessionary Governments of Germany and Russia, because those Governments, like all others who have joined the Telegraph Convention, and who are thus bound by the mutual obligations of the Convention, must obtain the assent of all the Governments interested. Other-wise there would be a disturbance of the equilibrium of the arranged tariffs.

2835. Does that apply even if you were to pay, say, the German Government the whole sum for each message that they could claim, is that Regulation so framed as to prevent your reducing the gross sum from point to point?—That is so. We cannot reduce the gross sum from point to point.

2836. And taking along with that what is known as the Joint Purse, it practically gives the Governments both of Germany and Russia a veto upon any reduction of the telegraph rate between London and Bombay?—It gives it to all the Governments interested besides Germany and Russia.

2837. But the fact is, with your concession and the Joint-Purse Agreement, it is impossible for Great Britain to reduce its rate between London and Bombay without the consent of Russia and Germany?—Without the consent of all the States.

2838. Without the consent of Russia and Germany?—I may go further than that, that that is an observation which applies not only to the Indo-European lines between Russia and Germany, but to all the States of Europe.

2839. Very likely. The effect of your concession and the Joint-Purse Arrangement, taken together, has this result, has it not: That no reduction in the telegraph rate can take place between London and Bombay without the consent, separately, of both Russia and Germany?—I should say no. I should say distinctly that whether the Indo-European Company existed or not there could be no alteration of rates without the consent of the Governments interested.

2840. Why not by the submarine cable?—The submarine cable has to be established, and it has to be free from all relations with all States who are parties to the Convention.

2841. If it was not for the Joint-Purse Agreement, into which you have entered, taken in connection with your concession, it would be possible, would it not, if the submarine telegraph company chose, for the submarine telegraph company to reduce its rates?—I should say, certainly not. The rates are fixed, for instance between India and this country, by International consent. They are settled by all the nations who are parties to the Convention, and the rates cannot be altered except at the Conference by either States or nations.

2842. Can you point to me the International Agreement, other than the Joint-Purse Arrangement, which stops the reduction?—The International Convention.

2843. Would you quote me that part of the International Convention?—I am afraid that is a document I have not with me.

2844. We will supply you with a copy. (*Handing the same to the Witness*)?—I want to find the clause where it says that the rates are fixed. I know it says that the rates are fixed by common accord between the terminal and intermediate States. There is a clause to that effect, but I do not seem to be able to find it for the moment. I am afraid the part that we have found in these Regulations is not what we are looking for, but it seems to bear upon it: "Alterations of the rates or of the bases of application of the tariffs which may be agreed upon between interested States, by virtue of Paragraph 4 of Article 10 and Article 17 of the Convention must have for object and effect, not the creation of competitive charges between existing routes, but, on the contrary, the opening of as many routes as possible to the public at equal charges; and the necessary combinations shall be so made that the terminal rates of the first and final administrations remain equal, no matter what route is followed. (2) No new charge, or modification, either of a general or partial character, affecting the tariffs, shall come into operation before the lapse of at least 15 days after its modification by the International Bureau, the date of notification not included." That does not bear on it.

2845. The Convention has the power to fix rates which are binding upon all its constituent members?—Yes.

2846. But even if the Convention were to fix the rate lower than the present London-to-India rate, it could not be brought into force, with the Joint-Purse Arrangement, without the consent of Russia and Germany, individually, is that not so?—That is quite a new question, whether the International laws, that may be made, could not override a private agreement; but there is such a thing as a competitive line. There is the line, for instance—the Indo-European and the Eastern lines are not the only lines to India—there is the line via Turkey to India, and if the States agreed to a very considerable reduction and that were introduced over the Turkish line, I think *ipso facto* the other companies would have to go down.

2847. I think, if I may venture to say so, it is hardly an answer to the question I put to you. Supposing the submarine telegraph company, with the consent of the Convention, were to arrange a rate, we will say of 3s. a word from London to Bombay, the existence of the Joint-Purse Arrangement and the fact that Germany and Russia have reserved the power that they have reserved in the concessions, does operate to give Germany

and Russia, separately, on their own discretion, power to veto any reduction in the rate between London and Bombay?—As respects the Joint-Purse Agreement, of course, no alterations of rates could take place under the Joint-Purse Agreement without the assent of all three parties to it.

2848. I agree. That takes me one step on the way. Your company could not, as between the consenting parties to the Joint-Purse arrangement, agree to a reduction without the consent of both Russia and Germany?—I should again say that that is a matter which affects all the States.

2849. I will accept that, and assume that it is so; but it is the fact, is it not, that Germany, individually and separately, can under the joint operation of the agreement and the concession veto any reduction between London and Bombay?—That has nothing to do with the agreement—it could not veto the agreement. We could make the reduction under the agreement if we could make it under the State Regulations; we have already agreed, subject to the States making the arrangement.

2850. I venture to suggest to you that the answer to the question I put is "Yes," and so obviously "Yes" that it is no use trying to get out of it. But if you will not agree to that I must let you go?—I cannot see my way to agree to that.

2851. I hope that our report will prove it to you. Would you tell us what under your concession the company is liable for, taking first the German Government?—To the German Government we are liable for 1.25 francs for an ordinary message of 10 words, 2.50 francs for 20 words, and 62½ centimes for every additional 5 words. This outpayment was, however, modified by a special arrangement with the German Government, embodied in a series of communications exchanged with the German Telegraph Administration in the year 1877, providing for a payment on the part of the Company of 5.34 per cent. of its net receipts from the Joint-Purse, instead of the concessional word rate payment of 2.50 francs for 20 words, etc., but with liberty reserved to the Government to revert to the latter payment at any time.

2852. (*Lord Hardwick.*) Would you give me the exact date of the second agreement with the German Government?—It is embodied in a whole mass of correspondence, but it came into operation at the same time as the Joint-Purse.

2853. Do you know when it came into operation?—We can give it to you by letter.

2854. Was it not in 1878?—You said that, I think?—I should not like to commit myself.

2855. Did you not say 1878?—No, but I will send you the date, you know.

2856. You gave a date, you said subsequently to 1878 you made a fresh agreement, and then you said that previously you had arranged for a payment to Germany of 5.34 per cent.?—Yes.

2857. That was in 1877?—Yes.

2858. I have got a copy of the letter written in 1878 not referring to that agreement at all, and giving the figures quite differently?—Well, there shall be no mistake about it, I shall send it on.

2859. The point is this, that on the 20th March, 1878, the Indo-European Company wrote to the Indo-European Telegraph Department giving their arrangement with Germany, as follows: The following are the rates to be paid to Germany, etc., what you have just recited, but you say in 1877 you think a different arrangement was made, by which you paid Germany less?—The arrangement then was made with Germany in order to get Germany's consent to the Joint-Purse. Germany made it a stipulation that they should have in the shape of percentage the same annual payment that they were getting under the payment per message arrangement. That the Company agreed to with Germany, and it was agreed to somewhere about the end of 1877; consequently when the Indo-European Department wrote that note we should have had no accounts whatever under the new arrangements yet exchanged with Germany. The earliest accounts would not have been received till at least a good many months afterwards. Then we looked upon it at that time as quite a temporary arrangement, because Germany stated she must hold the power to revert to the old arrangement at any time, and we thought naturally she might do that at any moment, and therefore that

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reply was given, and no other reply was possible at that time.

2860. Then you admit that the reply was not absolutely correct, that there was another arrangement made which you did not communicate to the other parties to the Joint-Purse arrangement, that is what it comes to?—It practically does amount to that, but at the same time there was nothing else for us to communicate—Those were the only figures that we had.

2861. (Chairman.) You might perhaps proceed to tell us what are your liabilities to the Russian Government as to their share of the inclusive rate?—From the renewal of the Russian concession from the 1st January, 1900, the Company is liable for the payment of 17½ per cent. on the international transit rate for Indian messages passing through Russian territory. The Company guarantee to the Russian Administration a revenue of not less than 111,000 roubles, or £11,000 per annum.

2862. And you have other obligations under the concession, have you not, to the Russian Government for providing and maintaining at your own expense a third wire in Russia from Kertch to Kutais for the use of the Russian Government?—That is so.

2863. And to fit up and establish stations wherever the Government may desire them along that wire?—Yes.

2864. Let us get back again to the Joint-Purse arrangement, please. I understand it was formed in 1877?—Yes.

2865. Was it limited in the first instance to the Indo-European and the Eastern Companies?—It was originally limited to the Indo and Eastern companies, but at the initiative of the late Colonel Champain, the then Chief of the Indo-European Telegraph Department, that Department entered the Joint-Purse as a third member in May, 1878, with the consent of the Secretary of State for India.

2866. Perhaps you would tell us what it exactly provides between those three parties?—The Joint-Purse Agreement provides that the revenues derived from messages passing over either route are divided between the three partners according to the percentage fixed by that agreement. For Indian messages:—To the Eastern Company, 59·82 per cent.; to the Indo-European Company, 22·12 per cent.; and to the Indo-European Department, 18·06 per cent. For trans-Indian messages: To the Eastern Company, 80·53 per cent.; to the Indo-European Company, 12·03 per cent.; and to the Indo-European Department, 7·44 per cent.

2867. Those are the normal proportions, and they are subject to variation in case of total interruptions depending upon the length of such interruptions?—That is so.

2868. And the Joint-Purse Agreement was subject at that time to revision every seven years, but it is to remain in force during the period that the Indo-European concessions are extended to?—That is so.

2869. So that really the Joint-Purse Agreement now is to last until the 25 years?—Subject, of course, to septennial supervision. That septennial revision still remains.

2870. The septennial revision remains even though the concessions have been extended?—That is so.

2871. Does revision mean putting an end to it as well as revising the terms?—No.

2872. So that all that you do is to revise the shares between the consenting parties, but not to put an end to it?—We cannot put an end to it, but otherwise all the terms of the agreement are open to revision or arbitration.

2873. So that it cannot be put an end to now until 25 years according to what you say?—Not until 25 years, except, I should say, that the proportions, which are under a subsequent agreement, cannot be altered.

2874. You know, as a matter of course, that there has been a considerable amount of dissatisfaction expressed with the quantum of the rate from London to India for telegraphing?—Well, it is a most startling thing that the Company has never received in any case a complaint of merchants as to the rate between London and India; in fact, more I think than one letter, certainly one letter, to the effect that the firm would be very glad to pay three times the rate if we could guarantee them a transit of, I think, 20 minutes.

2875. But it is within your knowledge, I should think,

that some dissatisfaction has been expressed at the amount of the rate, if not to you, at any rate to other people?—I believe that the Chambers of Commerce have expressed dissatisfaction, but the mercantile community to us never have.

2876. You have been aware that some people have been agitating for a reduction, of course?—Yes.

2877. Do you think it reasonable?—We do. We are quite ready to concur in a reasonable reduction.

2878. And you actually were parties, were you not, to approaching both the Russian and German Governments with a view to seeing whether a reduction could not be got?—That is so. My son was over there.

2879. Did those Governments consent?—Well, the Governments themselves would not share in any loss that might be occasioned if the thing could ultimately be arranged, and the Company agreed to bear the loss itself out of its own pocket; but Russia, although she was predisposed to the alteration of the rates, made it a condition that she must first of all refer to Germany to see what Germany's views were.

2880. What happened?—Then Germany, on account of some difficulty between herself and the English Government, said that she could not take up the question until the question, I think, of landing a cable at Waterville in Ireland was settled by the English Government.

2881. And what gave Germany the right to interfere and veto?—I do not think I could reply to that question.

2882. You have been manager of the Company for a long period of years; you know what gave Germany its interest in interfering?—I do not know, to begin with, what the German proposition is.

2883. I was not speaking of their proposition, but can you tell me how it is that Germany has the power to stop the reduction?—I can only tell you that, of course, Germany is one of the members of the Convention.

2884. Do you put it that there is nothing else at all that gives Germany the right to interfere?—I think that Germany has an absolute right as far as the Company's tariff is concerned.

2885. You do?—Yes, in connection with all the other States.

2886. But under what agreement or article does Germany get into that position?—Under the Convention.

2887. Only under the Convention?—Only under the International Convention.

2888. Are you sure?—I think I am correct in stating that.

2889. Is it not under your concession?—Well, you see, there might be a slight misunderstanding here. You know we are the Indo-European Company, and as a company it has practically really no rates at all. The rates that are fixed are the rates that are fixed by the Government for the transit for their country of all classes of messages, Indo-European as well as others. Consequently the Company itself has no rates to alter; it has no power over the rates, and it can do very little or nothing without the consent of the other concessionary Governments, except to persuade. I have no doubt that the voice of the Company might be listened to to a certain extent, and it has been exercised in the direction of obtaining permission to reduce rates.

2890. Will you tell me what is the meaning of this sentence: "This the company agreed to, consenting to bear any loss, but no further progress has been possible, because Germany made it an imperative condition of their consent that the negotiations now pending between the British and German Governments for landing rights for German cables should be first concluded"? What put Germany into the position of being able to make that an imperative condition of its consent?—(Mr. T. W. Stratford-Andrews.) The reason would be because our line happened to traverse Germany.

2891. And it is under Germany's concession to you that it keeps that right?—I should not say the concession, but the Convention. It is the Convention that is governing the rate, not the concession. (Mr. William Stratford-Andrews.) I beg to say that we are willing witnesses before you. All that we wish in connection with the India Office and others is to effect and bring about as far as we can a reduction of rates. If I may be pardoned the observation, you seem to be rather thinking that we have not that desire.

2892. I am not finding any fault with you or your company. I am told, and if I am wrongly informed you will say so and I will endeavour to revise my sources of information, first, that the Joint-Purse arrangement made in 1877 prevents any one of the three parties to that arrangement in itself reducing its rate, is that so?—That is so.

2893. Further, I am informed, and assuming that you are willing to reduce the rates, that you cannot do it without the consent of Germany?—Without the consent of all the States.

2894. I say Germany is one of the consenting Powers—do not put that upon me. It is no doubt so that you cannot do it without the consent of the different States, but Germany being one of the parties, has a veto?—The greater includes the lesser.

2895. Why did you not say so at first. The whole result of the two articles taken together is this, that we are in the position that the commercial community who wish to telegraph from London to Bombay cannot get a reduction of their rates without the consent of the German Government?—(Mr. T. W. Stratford-Andrews.) I should suggest that if the Joint-Purse did not exist, the Eastern Telegraph Company, as far as I can see, would not have any right, and could not, indeed, reduce the rate between England and India without the assent of Germany.

2896. That may be, but if the Joint-Purse did not exist, then the other companies could reduce?—Yes, and then we should reduce.

(Mr. William Stratford-Andrews.) They could only reduce with the consent of their administrations.

2897. (Lord Hardwicke.) Will you tell me how the Board of the Indo-European Company is constituted?—Well, I have not a report with me. First of all, Mr. J. Herbert Tritton is the chairman.

2898. I put it in this way. There is a representative of the German Government on the Board?—There is.

2899. A representative of the Russian Government?—Yes; I may say that they never attend.

2900. There are three or four English gentlemen on the Board, and three or four foreign gentlemen on the Board?—Two foreigners, I think, and five Englishmen.

2901. Is it true that the German Administration, when agreeing to the Indo Company becoming a party to the Joint-Purse, stipulated that the company should pledge itself to endeavour by all means at its command to bring about all modifications of the agreement between the Indo-European and the Eastern Telegraph Companies which may be desired by the Imperial German Telegraph Administration?—That is so.

2902. That being the case, do you consider that the German Government have availed themselves of this agreement?—No.

2903. They have not—on no occasion?—No.

2904. Could you tell me the capital of the company?—£425,000.

2905. And I think you have paid a dividend of 10 per cent. for the last few years.

2906. I understand that you sent Mr. T. W. Stratford-Andrews to St. Petersburg?—(Mr. T. W. Stratford-Andrews.) Yes.

2907. Did you go out to St. Petersburg with the express object of getting the Russian and German Governments to agree to a reduction?—That was the only object.

2908. That was agreed upon by the Indo-European Department and the Eastern Company, that you should go on their behalf?—Not on their behalf, but entirely on our own behalf.

2909. On behalf of the Joint-Purse?—No, only on behalf of the Indo Company. We wished to bring about a reduction of the rate, and, therefore, we were rather inclined to think that if we went as representing the Indo-European Company it would have that effect.

2910. Would you tell us what passed; you saw the Russian Administration?—There were altogether three visits to St. Petersburg. In the first visit there were so many serious stipulations demanded by the Russian Government that we thought it expedient to get the opinion of the Board. However, the Company's Board gave way, and agreed to any financial loss, and we went back to St. Petersburg armed with these facts, and there seemed every prospect of success. I left the secretary there and went to Berlin, because the very

last stipulation they made was that they would like to get Germany's views. I thought if we got Germany's views, and then returned to St. Petersburg and concluded the whole arrangement, it would be the best thing to secure the end we wished. When I got to Berlin and saw the parties there, I found that there was the question between the British Government and the German Government of landing rights, and they were very anxious to get the question settled; it had been pending a long time, and they really could not consider the question of the reduction of the rate to India until they had received an answer one way or the other from the British Government.

2911. Before referring to that interview regarding the question with the British Government, I want to go back to the Russian interview. On which occasion did you get your concession renewed of those three visits?—None of these. I am not talking about the concession. I only went over for the reduction of the rates. It was settled before.

2912. Was the question discussed with the Russian Director-General of Telegraphs as to how if the rate was reduced to India you were to remunerate the Russian Government, because at the present moment for the Russian telegraph administration the tariff is 151 centimes?—Quite so.

2913. But you do not pay them that?—We pay 17½ per cent. of their transit rate.

2914. That being 151 centimes?—Yes.

2915. And the balance is paid back?—Yes, it is paid back.

2916. Therefore, if a reduction of the rate to India could be carried out, you could still continue to pay that 17½ per cent.?—Certainly, we should continue to pay the Russian Government 17½ per cent. We have been ready to pay that 17½ per cent.

2917. Therefore the reduction of the rate to India would make no difference financially to the Russian Administration—they would receive exactly the same amount from the Indo-European Company?—But there is a guarantee. It would be on a smaller sum. If the rate were reduced to India the Russian transit rate would be reduced also. Therefore, it is a case of 17½ per cent. on a smaller transit rate. They were willing to accede to that point, but they said, "We do not want to lose money." We said, "We will make up the difference between the 17½ per cent. on the reduced transit rate and the 17½ per cent. on the existing transit rate."

2918. Was it necessary to do that?—Yes, because when you get down to a certain point you cannot reduce any further. The transit rates are all in proportion, you see.

2919. At the present time the rate that is paid to the Russian Government for Indian messages is 151 centimes?—Yes.

2920. Of which you only pay 17½ per cent.?—That is so.

2921. Supposing the rate was reduced to India, would the Indo-European be willing to pay that 17½ per cent.—to make up any further difference?—If the rate is reduced to India we are willing to pay 17½ per cent. of the lower transit rate.

2922. Therefore it makes no difference to Russia?—Certainly not, if we make it up out of our pockets.

2923. And that you are prepared to do?—Yes.

2924. As regards Germany—the amount that they receive—there seems some doubt what it works out—is it 17½ centimes per word?—The arrangement come to with Germany works out at precisely the same amount per word as the arrangement that is mentioned in the Joint-Purse account.

2925. But that is not correct. You have since told us that the German administration receives 5/34 per cent.?—Yes.

2926. And that works out 17½ per cent. centimes per word?—It did originally, but I do not think it works out so much now; it depends upon the bulk of the business.

2927. It probably works out less?—It works out less for a certainty.

2928. In your discussions with the German Director of Telegraphs, did you ask that he should reduce further the transit they were receiving, or did you express on behalf of the company your willingness to continue to pay the same transit rate?—We suggested that Germany

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*Mr. W. Stratford-Andrews, Mr. T. W. Stratford-Andrews, and Sir W. R. Brooke, K.C.I.E.* should reduce *pro rata* and assist the companies, but Germany refused, so that the company had only the course left open to make up the amount, which we did.

2929. Therefore it comes to this: that the Indo-European Company have made it clear both to the German and Russian administrations that they will continue to pay them the same transit as at present?—Quite so.

2930. (*Sir John Ardagh.*) Can you tell us what the relation is between the actual cost of the transit through Russia and Germany and the charge which it paid to them?—(*Mr. William Stratford-Andrews.*) The actual cost of the charge?

2931. Of course, the actual cost you will only be able to give approximately?—I am afraid I could not give you that.

2932. Perhaps you would be prepared to admit that the actual cost to them is infinitely less, or very considerably less, than what they receive?—Well, I suppose in the case of Russia the cost to them would be certainly less. With regard to Germany, they provide all the wires and staff and officers at Berlin, and all that sort of thing, and I should not be prepared to say what it is with regard to that.

2933. Still, the rate which is paid to Germany is considerably higher than that which Germany charges to ordinary internal traffic?—As to ordinary internal traffic, there have been recent alterations, and I should not like to speak to that offhand.

2934. But is there any sort of doubt about it?—Only this doubt, that I am ignorant. (*Mr. T. W. Stratford-Andrews.*) We pay Germany 20 centimes per word, and I believe that the inland rate is cheaper, because it is approximating to the rate charged in England.

2935. It is about  $\frac{1}{2}$ d. a word?—Approximately that.

2936. Therefore they are charging you for the transit four times as much as it costs them, assuming that they are giving their services at cost price to their own people?—Not quite so. The German Government supply us with wires and maintain those wires.

2937. But they supply the German people with wires and maintain those wires?—But the wires that we get give the German Government a great deal more trouble than their own wires. They are through wires, and if anything happens to any one of our wires they pass on to us another one, so that they give us facilities which is money.

2938. But they do that for their own internal service. Supposing a great thunderstorm between Thorn and Berlin, and they sent messages round, they would be only doing for their own people what they are doing for you?—Clearly. If you put the case of a thunderstorm and a great many wires went wrong, the German Government would be put to serious inconvenience to connect the company with another wire. Supposing both the company's wires were down, they would connect up in substitution.

2939. Is not that a constant practice; is not the same thing done with the English Post Office wires?—Not always.

2940. You make a contract to supply a wire from here with the coast; when one breaks down, you are supplied with another?—Not immediately; we are put to a considerable amount of trouble about it. (*Mr. William Stratford-Andrews.*) They keep those wires devoted to our service, although the traffic may be particularly small.

2941. My object is to show that the Germans are receiving a possibly larger sum for the facilities which they afford your company than it costs them?—(*Mr. T. W. Stratford-Andrews.*) They are not; they only get a percentage of that rate; they do not get the whole of the 20 centimes.

2942. Take  $17\frac{1}{2}$  per cent. still, what does that work out per word?—I cannot give you that offhand; I can work it out.

2943. I do not want a minute answer; what I do want is an admission that they receive a great deal more than it costs them, and that they could afford a great deal more?—(*Sir William Brooke.*) It is an admission that we are not prepared to make. We do not think that it is so. (*Mr. T. W. Stratford-Andrews.*) It is

rather a question for the German Government to answer, and not the company.

2944. What do you estimate the tariff that you pay now per word to the German Government—I do not want it in detail—is it a halfpenny or a penny?—(*Mr. William Stratford-Andrews.*) It is taken in the form of a percentage.

2945. I want so much a word?—We should require to get that percentage by the total number of words. (*Mr. T. W. Stratford-Andrews.*) It works out approximately at 10 centimes under the present method of payment to Germany. (*Sir William Brooke.*) But you cannot speak of that. (*Mr. T. W. Stratford-Andrews.*) I can let you have the information. (*Sir William Brooke.*) At the present moment we may mislead you.

2946. Perhaps you will furnish the Committee with a comparative statement of what the internal rate in Germany is, and what you pay them per word?—(*Sir William Brooke.*) Certainly we would do that with pleasure; but what I wish to point out is this: we are not able to tell what the services Germany gives us cost Germany, which is the basis of your question.

2947. Naturally?—We could not assume that.

2948. You may assume if there is an internal tariff at a fixed rate which has been going on for many years that it pays the Government to maintain it. You may take it that that is the cost?—(*Mr. William Stratford-Andrews.*) They all lose. (*Sir William Brooke.*) We can tell you what the actual rate is to us.

2949. Perhaps you will do so; and will you get the same information as regards Russia?—(*Mr. T. W. Stratford-Andrews.*) Certainly.

2950. In Russia I understand the rate has been put up at the present time, whereas your company has provided the staff?—And maintain it—it is our own line in Russia.

2951. You know what it costs them?—Yes.

2952. Is it a fact that you pay Russia more than it costs?—(*Mr. William Stratford-Andrews.*) We pay Russia more than it costs. (*Mr. T. W. Stratford-Andrews.*) It does not cost Russia anything.

2953. Will you furnish us with what it costs?—Yes.

2954. I have another comparison. The Committee have been informed that the rate to Fao under the international tariff is about 6d.?<sup>1</sup>—(*Mr. William Stratford-Andrews.*) Under the international tariff that must have been over the lines of the Governments.

2955. It is taken at 65 centimes—that is what we are informed?—You cannot compare, I think, a service of that kind with the services of special wires thousands of miles long. In the case you allude to the messages go in with the ruck, and cross the different countries, where they have to be transmitted, and sometimes they take days in transmission; sometimes not, of course. But it is a very imperfect service.

2956. Admitting the imperfect service of the Turkish lines is it not the fact that if the lines were under sound administration there is no reason to suppose that it would be more irregular in its working than any other line—those that traverse the continental lines through Germany and Russia, for example?—I suppose it might be erected in the same state of perfection, but the Indo-European line, and also the associated services, are very perfect communications. There is competition of course. There is emulation I should say, but beyond that they give the public the most perfect service. There is not a question about it.

2957. I am trying to bring out on the question of tariff that if it can pay the Governments concerned to transmit a telegram from London to Fao for 65 centimes the rates which are charged by Germany and Russia for transmitting a word to Teheran are excessive?—There is some mistake there, because the rate *via* Turkey to India is only 50 centimes lower than the rate by the Indo-European, and the Eastern lines to India.

2958. I am not speaking of the through rate?—Well, if it is a local rate.

2959. But I compare the message to Fao?—I do not know how that may be; it is a service which is so exceedingly bad. (*Mr. T. W. Stratford-Andrews.*) I might point out in connection with that that although it is possible to transmit messages in this way I do not

think you can possibly assume that the messages at those rates would pay the administrations who forward them.

2960. Do you suppose that an impecunious Government like Turkey would accept any arrangement that would not give it a profit?—I am not talking about Turkey, but what other administrations do as well. Your message does not only traverse Turkey.

2951. It is an absolute fact that you can telegraph to Fao for 5 $\frac{1}{2}$ d. ?—That is so.

2962. If on a badly managed line you can do that, how much cheaper can you do the same distance on a well-managed line?—You are talking about several administrations. (Mr. William Stratford-Andrews.) You say you can do it, but has it been done? (Mr. T. W. Stratford-Andrews.) Where the State loans capital it may be done, but certainly those charges cannot pay the cost of transmitting a message. If you compare those wires with wires of companies which keep them up, and have to pay dividends, I think it is an absurd comparison. (Mr. William Stratford-Andrews.) If it is, of course, as you say, how is it that people do not avail themselves of that large reduction in price? Because they get a useless article in exchange.

2963. They cannot avail themselves, because of the remaining 4s. charged for the going from Fao to Karachi?—(Mr. T. W. Stratford-Andrews.) Still it is cheaper than our own lines.

2964. What I am contending for is that it is perfectly possible to have a tariff to India that will be even 1s. or less by land lines alone?—I think it is quite possible to reduce the rates to India, and this company would be willing to see it brought about, but not reduced to 1s.

2965. What would you consider a reasonable tariff to India, assuming that it is not the desire of the Government or the Indian Government to reduce it beyond

such a point as would make it profitable to the submarine company to continue?—This matter has been before the Joint-Purse Committee, and it was agreed there, I believe, that the companies would be willing to bear the loss of 1s. per word. That would be reducing the rate from 4s. to 3s.; but there was also a talk at that time of the Indian Government guaranteeing another 6d., so that the rate could be reduced by 1s. 6d., and that is the reduction that we tried to push through.

2966. The reduction of 4s. 6d. to 2s. 6d. ?—Yes.

2967. (Lord Hardwicke.) I have a question as to the concession of Germany being renewed. Supposing they do not renew the concession would it be the policy of the Indo-European Company to endeavour to get a line joining their line in Russia which did not pass through Germany?—(Mr. William Stratford-Andrews.) It is difficult to say what the Indo-European Company under such a concatenation of circumstances would do.

2968. You have already entered into an agreement with Russia to educate the children in order to employ them in the future?—Of course, the Indo-European Company would endeavour to continue its existence by some means or other, and with that, an alternative route to India, because without the Indo-European there would be practically a monopoly in the hands of one company with India, so that we should do our best for our own existence's sake. (Sir William Brooke.) What we are prepared to do under circumstances which have not yet occurred we are not in a position to state.

2969. You look forward to getting the concession renewed?—(Mr. T. W. Stratford-Andrews.) Certainly. (Sir William Brooke.) We hope to do so.

2970. (Chairman.) Is there any point on which you have not been questioned which you would like to bring before us?—(Mr. William Stratford-Andrews.) No, my lord, I think not.

Mr. WILLIAM STRATFORD-ANDREWS, Mr. R. T. BROWN, and Mr. J. L. QUICK, called; and Examined.

2971. (Chairman.) (To Mr. William Stratford-Andrews.) I understand that you are Chairman of the West India and Panama Telegraph Company, Limited, and you have prepared and handed in this memorandum showing the main points of the company's history from its beginning down to the present time?—That is so.

2972. I think you date from the 30th of July, 1868, do you not?—That is right—it is 1869.

2973. And the proposal then was to connect by a single line of cable Cuba, Jamaica, Puerto Rico, St. Thomas, Guadeloupe, Martinique, Barbados, Trinidad and Demerara?—Yes.

2974. And also a branch line to the Isthmus of Panama?—It was so.

2975. Since that time your proposals have been met by other islands on the line of route asking to be included in the general system?—That is so.

2976. With the result that your system is shown by the red line on this map?—That is so.

2977. The history of the subsidies and the concessions is rather intricate and complicated, is it not?—It is rather.

2978. May I take it that this paper which I hold in my hand gives a correct account of what happened subsequent to the formation of the company?—That is so.

2979. Since that time you have had three lines started in competition with you, have you not?—Yes.

2980. The first one was an American enterprise?—Yes.

2981. Will you tell me in your own words what that was started to do?—That was started to connect the United States with the West Coast of Central America, the Isthmus of Panama and Colon, and then going down to South America. That is the black line on the map.

2982. The second line started more or less in competition with you, was a French company, was it not?—Yes.

2983. Is that described also upon this paper?—That is also described on this paper and upon the map.

2984. Then there was a third line in competition which was laid by a new company between Bermuda

and Jamaica, and opened for traffic on the 31st January, 1898, which was called the Direct West India Company, was it not?—That is so.

2985. And the line is coloured orange on this map?—Yes.

2986. In connection with that company there were some negotiations as to the reduction of rates?—There were.

2987. Will you describe them, and what was the object?—Should I trouble your Lordship with all those statistics? Do you want the negotiations for the laying of the Bermuda cable?

2988. (Lord Onslow.) We want the subsidy which was paid to the Direct West India Company?—Her Majesty's Government, having intimated their intention to lay a cable between Bermuda and Jamaica, and with a view of meeting if possible the wishes of the Government, this company in concert with the Cuba Submarine Company submitted proposals to the Colonial Office (through the General Post Office), in August, 1895, for the establishment of the line for a subsidy of £13,000 per annum for 25 years, with a reduction of rate between Jamaica and London from 5s. 10d. to 4s. per word. In March, 1896, the late Chairman of this company had an interview with Mr. Chamberlain on the subject, and in deference to his observations it was agreed to modify the above by reducing the proposed annual subsidy from £13,000 for 25 years to £10,500 for 20 years. These amended proposals were not entertained on the ground that the amount of subsidy and the rate per word to Jamaica were higher than those proposed by the Halifax and Bermudas Company; but, in view of the importance of the considerations urged by us, Mr. Chamberlain said that if we would reduce the rate to 3s. per word he would recommend to the Treasury the acceptance of our offer.

2989. (Chairman.) Subsequently the negotiations went on through 1896 and 1897, did they not?—They did.

2990. And they are correctly set out in this paper which you have handed in?—That is so.

2991. Now in regard to this is there any special point you want to bring before the Committee?—Well, my

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Lord, only that our difficulty consists in this that Parliament has established a tariff to Jamaica for the West Indies of 3s. a word, which is not a remunerative tariff, and which the Direct West India Company is only enabled to maintain by means of the subsidy, that in consequence of that we have had to reduce our rates and also reduce our rates further along the islands, on account of the outcry that was raised from the original reduction, which the islands said should be extended all along our line, and we were, as a fact, obliged to extend it all along our line, because the Colonies were British, and practically our masters in the matter. The effect of that financially has been of a very disastrous kind.

2992. Is there not much internal traffic?—Very little.

2993. Are the lines in any way exceptionally difficult to maintain?—They are difficult to maintain because the ground is very bad, and there are so many landing places. The more landing places you have the more interruptions you sustain and the more necessary it is to provide a ship. We are obliged to maintain a ship upon the station for nothing but these duplicates. In fact, we had two; but we hope to do with one by making modifications in the route and by having duplicated the lines.

2994. (Sir John Ardagh.) What propositions have been made of late years as regards the cutting out of the Islands of Puerto Rico and Santa Cruz, and the completion of the direct communication with St. Lucia?—As regards the communication of the direct connection with St. Lucia, that route appears in the map you have there. We have made an offer and we wanted to establish a cable from Jamaica right away to the colony of St. Lucia. (Mr. Brown.) No, we offered to take the cables away from Santa Cruz and away from Puerto Rico, and connect them in deeper water on to St. Lucia without touching anywhere. (Mr. W. S. Andrews.) In fact, forming an independent British cable from end to end.

2995. That is one method of obtaining the desired object, and another would be the laying of the direct cable from Jamaica to St. Lucia. Has that come before you?—That is the same thing.

2996. It is rather a different thing from cutting out cables from Puerto Rico and Santa Cruz to have a direct new cable from Port Royal to St. Lucia?—We have made that proposal also; for laying the cable from Port Royal, and taking it on to the end of the cable close to St. Lucia, which we raise and connect in deep water, so that you would have a new cable except a length at the end at St. Lucia.

2997. Are those two proposals in now?—We made the proposals and the Government seemed to consider them, but when the great rise took place in the price of submarine cables the Government decided that it was not an opportune moment to effect the communication, and since then the matter has been in abeyance. We wrote to the General Post Office, and they replied that they had received no further communication from the Treasury, I think it was, and therefore the matter remained in *statu quo*.

2998. Then has any proposal been made for the amalgamation of the Direct West India and the West India and Panama?—Not at present; there has been a lawsuit by the Cuba Company against the Panama Company, and we have not yet arrived at a conclusion upon that, and until a conclusion is arrived at we are inhibited from making any arrangement with the Direct West India Company. But personally as far as we are concerned we should be very glad if something of the sort could be brought about, and one of our partners is apparently of the same opinion. What the Cuba Company may ultimately decide we do not know until the case is settled by the appeal courts, because they said they would do nothing until then.

2999. What are the obligations as regards the Cuba Company now?—We are to hand them all messages for places with which they are in telegraphic communication, and if we forward messages by another route in consequence of the public having a desire to send by that route, we have to pay the Cuba Company the same proportion as if the messages had passed over their cables. The Court at present stands at this point, that the Cuba Company is in telegraphic communication with the whole world. Practically that is what the decision comes to.

3000. But you are also practically in communication with the whole world if you connect with the Direct

West India?—Of course the one would follow the other. I do not believe in that, you know, altogether. It seems to me that you cannot really be in telegraphic communication unless you have a telegraph of your own. But in the absence of that telegraph, you, at all events, are not in telegraphic communication. You may be in connection with other companies that are in telegraphic communication, but that is not how the Courts see it.

3001. Is it in your opinion, desirable that an amalgamation or an understanding should be arrived at between your company, the Direct West India, and some company, which also connects with Halifax across the Atlantic?—Connects with Halifax?

3002. Across the Atlantic; I purposely avoided naming who they might be!—It is very difficult to say more than one has said, that one would personally view such an arrangement as that with approval, if it could be brought about. I do not know what the results might be with regard to the receipts, because the tariffs are so manifestly insufficient that an amalgamation between the companies would do nothing in the way of increasing the revenue, and at present the revenue is of such a character that unless the West India Company obtains assistance the very worst consequences might ensue *qua* the West India Company.

3003. The insufficiency of revenue of the West India and Panama arises from local rates, and not through rates; is not that so?—From both the business is extraordinarily small; it will seem almost incredible to the members of the Committee.

3004. My question was directed to the desirability of such an amalgamation of British companies leading to the West Indies, as would rehabilitate the West India and Panama on a fair footing?—I am afraid there is no arrangement of that kind that would rehabilitate the Panama Company, unless it can get a subsidy of some sort or increase the tariff. I do not think there is anything else for it.

3005. How many years is it since the West India and Panama has been in a prosperous condition?—So to say it has never been in a prosperous condition. The utmost that we have paid upon the ordinary shares, which are all £10 each, has been 6d. per share, or 1s. per share upon the half year, except in the Spanish-American War, when we paid 2s. 6d., which of course is totally inadequate, but we have managed to earn our preference dividends until 1899. In 1898 the war between Spain and America took place, and then of course there was a great business, and owing to that we did not make the application to Mr. Chamberlain, which we said we should have to make if the reductions were applied to assist the commerce of the West Indies. But in 1899 the traffic was insufficient to pay either the Preference or the Ordinary shares, and the money had to be taken from the reserve fund. The first six months of 1900 it comes to the same thing, and the next six months we could do nothing, and we felt that we could not go on depleting the reserve fund, which would land us in bankruptcy or something very like it, and therefore we had to pass the dividends, and see whether there was any chance of anything occurring.

3006. Is there any reason for thinking that if an amalgamation such as we have spoken of took place, and the lines of your company were connected or amalgamated with cables along the north coast of South America to Pernambuco and Rio, a paying traffic would result?—No, unfortunately that ground is already occupied by a company, which is largely subsidised by France. France is going into cables all over the world, and amongst others she has laid cables from Brazil right away to the West Indies, and from the West Indies to America. In fact France threatens to make great extensions of her cable communications. She does not like the cables being in the possession of the British almost exclusively.

3007. Do the French West India cables pay?—No, I do not think they pay, but they get about £36,000 a year in subsidies so that it is indifferent to them what the traffic does for them. In fact, it is like the Sugar Bounties over again. The Government pays for the cables. I might mention here that the daily average of words this company forward (and this is a return over five years) from Jamaica has been 53 words; St. Kitts, 3.1 words; Antigua, 1.2 words; St. Lucia, 10.8 words; St. Vincent, 1.05 words; Barbados, 47 words—that is the only decent return. Grenada, 3;

Port of Spain, 39'3; Demerara, 30'5. What we do get comes mainly from Jamaica, Barbados, Port of Spain, and Demerara. Now at present the French company has not extended to those places, because they seem to desire to preserve the organisation and character of the company as a French undertaking. Whether they will ultimately extend there we do not know.

3008. Is it then the position of your company that unless they receive a solid support from the Government subsidies they can hardly continue to exist?—They cannot possibly continue to exist unless we make an increased rate between Jamaica and Demerara for our own line, which we are, of course, most reluctant to do.

3009. (*Lord Onslow.*) Do you mean at all the points you touch at?—Yes.

3010. To raise the rates at all the places you touch at?—Yes, there is no other remedy of any kind unless the Government aids us. We have established a valuable duplicated system, and it only needs now to be kept going in British interests, because it is a purely British interest, and a purely British company.

3011. (*Admiral Custance.*) I want to take you back to the Jamaica—St. Lucia cable. I understand that the last proposal was that a new cable should be laid from Jamaica spliced to the end of the cable between St. Croix and St. Lucia?—We should cut off St. Croix and put a new cable on to the end of St. Lucia.

3012. Has the American Government raised any objection?—We should not interfere with their communications.

3013. They would not raise any objection?—I think not; there is no reason why they should. We should put in an additional line to give them the same duplicate that they have now.

3014. (*Lord Onslow.*) What is the exact nature of the agreement with the Cuba company?—It is to hand to them all messages for places that they are in telegraphic communication with.

3015. You mean all unrouted messages?—Yes; and if we send routed messages by the other line we are to pay the Cuba company just the same proportion as if the messages had passed over their line and ours.

3016. You have contested that in the law courts?—Yes. Of course, one cannot tell what the result may be finally; it is given against us at present.

3017. Have you got any time for terminating it?—No. We are bound for the life of our companies, as we understand it.

3018. What is your practice as to unrouted telegrams; do you hand all unrouted telegrams to them?—We hand all unrouted telegrams to them.

3019. Do you allow people to hand in telegrams that are routed?—Yes.

3020. And if routed *via* Bermuda, what then?—We

send them to Jamaica and there hand them over to the Direct West India Company, and we hand in the sum that we have to pay.

3021. How did you get into that extraordinary arrangement?—That arrangement was made at a period before I was connected with the concern; it was made with the original directors, and we have no means of getting out of it.

3022. Your only hope of salvation is by raising the rates or getting a subsidy?—Yes.

3023. Might there not be a third course—of breaking the arrangement with the Cuba company?—I am afraid this is a cast-iron arrangement; in fact, the appeal before the Courts is to get some declaration under that agreement to get free, but we have failed most ignominiously.

3024. What would be your policy if you got rid of that agreement?—We should be able to bring the companies together.

3025. Supposing your subsidies should be withdrawn instead of being increased, what then?—We should have to sell our undertaking; there is nothing else for it.

3026. If you were released of your obligations to the Cuba Company, you would be willing to amalgamate with the Direct West India Company, but the only thing that stands in the way is the agreement with the Cuba Company?—That is so.

3027. Do you think if that were brought about you would then be able to carry out the suggestions for making a direct line from Jamaica to St. Lucia?—We should be able to do that in any case; that is why we are not paying dividends out of the reserve fund; we want to keep the reserve fund intact.

3028. You are bound to do that?—I think we might manage that, and lay the cable which the Government desires.

3029. With regard to the question of cutting out Puerto Rico and St. Croix, that would not deprive you of communication, because you have it on the north side?—Yes, and we should extend it again so as to establish the duplicate system. We should lay in a bit of line to the next island, so that we should preserve really a duplicate communication all through.

3030. Then your desire is not that you are bound by the Cuba Company, but that you would be able to meet the views of the Direct Company, and send your telegrams home by Bermuda, if you were not bound by this agreement with the Cuba Company?—We should use whichever line offered the greatest advantages if we were free, and offered the best dates and that sort of thing in the interest of the public; we should send messages by the best route.

3031. (*Chairman.*) Is there any point we have missed?—No, I think not.

(*Mr. Brown.*) I think you have covered everything.

*Mr. W. Stratford-Andrews, Mr. R. T. Brown, and Mr. J. L. Quick.*

10 June 1901.

## THIRTEENTH DAY.

Tuesday, 11th June, 1901.

PRESENT:

The LORD BALFOUR of BURLEIGH, K.T. (*Chairman*).

The MARQUESS of LONDONDERRY, K.G.  
The EARL of HARDWICKE.

The EARL of ONSLOW, G.C.M.G.  
Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B.

J. H. LINDSAY, Esq., *Assistant Secretary*.

Mr. GEORGE EDWARD YORKE GLEADOWE, C.M.G., called; and Examined.

3032. (*Chairman.*) I understand that you are principal clerk in charge of the division of the Treasury which deals, amongst other things, with the grant of subsidies to cable companies?—I am.

3033. And in that capacity generally it is part of your public duty to examine questions in connection with international telegraphy from a Treasury point of view?—Yes.

3034. And you have been for some years engaged in this work, and are conversant with the recent history of matters, and you have been in negotiations that have gone on between yourself and other Departments with regard to telegraphs?—Yes, I have been about four years in charge of this work.

3035. I have a good deal to ask you, but there is one point which has come very prominently in connection

*Mr. G. E. Y. Gladove, C.M.G.*

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Mr. G. E. Y. with our inquiry—namely, the position which, by the joint effect of a series of agreements, we have got into with regard to the telegraphic rate between London and India?—Yes.

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3036. I have no doubt you are familiar with it, and I need not ask you to go at length into it, but, generally speaking, the Committee are anxious to find a way by which, upon fair terms, a power to reduce the rate between London and India could be obtained. The Joint-Purse Agreement is one of the obstacles, which I have no doubt you know?—Yes, I know that.

3037. Another is Regulation 27 of the International Convention Regulations?—That is so.

3038. In regard to the Joint-Purse Agreement Lord Hardwicke has some questions which I think he would like to put to you?—Quite so.

3039. (Lord Hardwicke.) You are aware that there are only three means of terminating the Joint-Purse—at least, there are three possible ways by which the Joint-Purse can be terminated, the first is by mutual consent, and the second is by a prolonged interruption of either route, and the third if the concessions terminate under which the Joint-Purse works with Russia, Germany, or Persia?—Yes.

3040. I think as a member of the Cable Landing Rights Committee you have had a proposal from the India Office by which the date, namely, the 1st May, 1905, should be fixed on which either party—any of the three parties to the Joint-Purse, could give 2½ years' notice in order to terminate the agreement after the lapse of that time?—The matter was considered at the last meeting of the Committee.

3041. You are probably aware that the Indo-European Company are willing to agree to any terms as regards this new clause which are acceptable to the other two parties?—I do not know that.

3042. They are, namely, the Eastern Company and the Indo-European Department?—I take it from you.

3043. The Eastern Company ask as a condition of their agreeing to this supplemental clause to the existing Joint-Purse Agreement that their company should receive from the Imperial and Indian Governments landing rights for such new cable or cables between India and Great Britain as may be required by their Company, that is, the Eastern Telegraph Company; it being understood that these landing rights would only be granted on the same terms as might be granted to other applicants for cable landing rights?—Yes.

3044. I daresay Mr. Finch explained at the meeting what the Eastern Company say about it. They say that supposing the Joint-Purse was brought to an end, we have not a sufficient number of cables to carry the traffic that we should have to carry supposing we were not connected with the Indo-European Company?—By "we" do you mean the Indo-European Department?

3045. No, I am speaking for the Eastern Company. Therefore we ask that 2½ years' notice should be given before the Joint-Purse is terminated, which will give us time to make such arrangements as will place us in a position to carry the traffic?—I understand.

3046. Therefore they ask that they should get the promise of landing rights to India?—It was not explained why the six years was originally taken.

3047. The India Office were anxious to get a date fixed when the Joint-Purse could be terminated. At present, excepting for the possibility of certain events arising which I have enumerated, the Joint-Purse is interminable—you agree to that?—I have no reason to dispute it. As far as I know, that is so.

3048. I will clear the point up. The only points mentioned in the agreement for terminating it are by mutual consent firstly; second, by a prolonged interruption of either route?—Yes, but there is something to be said on that.

3049. And the third is in the event of any concessions terminating?—Yes.

3050. We know that the Russians have extended their concessions to 1925?—Yes.

3051. Persia has done the same?—Yes.

3052. And if Germany also does the same it is obvious that, excepting by mutual consent, or by prolonged interruption of route the Joint-Purse will not be terminated?—Not necessarily, because there is a question of the use of the Channel cables, which is also a concession which would be more or less in our power.

3053. We have had solicitor's opinion upon that, to the effect that it is not a concession?—The India Office have had solicitor's opinion?

3054. The Post Office agreement with the Indo-European Company is what you are referring to, is it not?—Yes.

3055. We are advised that that is not a concession within the meaning of the Joint-Purse Agreement?—I think the last I heard from the Post Office was that they were inclined to think it was. It may be necessary to take it to the Law Officers.

3056. It is quite possible?—Then there is a further possibility of a prolonged interruption. Of course it would be an extreme measure to take, but if the thing could not be obtained in any other way, it might conceivably be necessary to have an intentional interruption.

3057. Those drastic measures had not struck me?—May I say that the Joint-Purse Agreement is not in itself either the only or even the principal obstacle, because the Joint-Purse Agreement in itself is, I think, a very sensible arrangement. The only thing is that the conditions of it want modifying. By all means, I should say, have as many lines as you can by land or sea to enable you to carry the traffic in the best way over it. That is only reasonable. It is not the fact that you have a Joint-Purse Agreement to which an exception might be made, but its conditions stand in the way of a modification of the rates. If you can modify them, I see no particular objection to the Joint-Purse Agreement.

3058. (Chairman.) Is it not the essence of the disadvantage of the Joint-Purse Agreement that one of the companies has a concession from a European country, I will not mention any country, which provides that the Company shall not reduce those rates without the consent of the country, thereby giving that country a veto upon all our arrangements between London and Bombay? Is not that the disadvantage?—Yes, this condition which practically applies Article 27 to the Joint-Purse arrangement.

3059. I only want to bring out that your opinion is favourable to a Joint-Purse in the abstract, not to the particular Joint-Purse?—I am distinctly against the present arrangement. I say that for a Joint-Purse on what we consider reasonable terms there is a good deal to be said.

3060. (Lord Hardwicke.) You are aware that the three parties to the Joint-Purse are agreed to reduce if they can?—To what figure?

3061. To 2s. 6d. on the sliding scale on a guarantee of the Government of India down to 1s.—1s. 6d. certainly?—I knew that they were prepared to arrange for some reduction, but I did not know quite what figure.

3062. If it was not for the action of the German Government, at the present moment, so far as I know, the rate would be reduced immediately—all parties to the Joint-Purse are agreed?—All these things take place somewhat in the dark. I am told by the Post Office that the Germans do not raise any objection to a reduction, and they have no reason to do so; but the point has never been properly put to them.

3063. Mr. Lamb told us about that. We have heard his views, but I do not agree with them. I would like to put another point. If Germany agreed to the reduction, and the three parties to the Joint-Purse agreed to it, in your opinion, would Russia be able to prevent a reduction alone; that is to say, quite independently of the Joint-Purse, could Russia, as an administration of the Convention, refuse to allow a reduction of the rate?—Yes, as I read the Convention.

3064. (Lord Onslow.) Under Article 27?—Yes.

3065. (Lord Hardwicke.) That is to say, in your opinion, the Joint-Purse is not standing in the way of a reduction of the rate?—It is not the only obstacle.

3066. I will now return to that point, on which I asked you a question or two, regarding the Eastern Company's application for landing rights in consideration for agreeing to fix a date when the Joint-Purse can be terminated. Would you explain to the Committee why you oppose this, what seems to me a reasonable request of the Eastern Company?—In the first place it was thought that while this Committee was sitting it would be a pity—

3067. When I saw you opposed, I mean the Committee?—I am really practically quoting from the



report of the Committee. The report is not printed. It was to the effect that while this Committee was sitting—the matter was one which we knew had been very much under the consideration of this Committee—it might conceivably hamper any action that might be taken on the report of this Committee if any pledge were given in advance, to take action from six to eight years hence. It was not absolutely necessary to arrive at an immediate decision, and it was thought that it would be better to postpone it until this Committee had reported. On the face of it, the proposal of the Eastern Company was a fair one, but in the first place we did not necessarily think that the Joint-Purse Agreement itself, as apart from its conditions, was a matter which necessarily needed determining. If the companies and the administrations concerned were ready to terminate, they would probably be equally ready to modify the terms of the present Joint-Purse Agreement, so that if this Committee had taken that view that the three lines had better be kept up, there should be no difficulty in arranging for a continuance of the agreement on terms which might be considered desirable in the interests of this country. If they are prepared to reduce the rate immediately there is no reason why a termination of the agreement six or eight years hence should be a matter of very pressing concern. There is also, further, that same doubtful point about 1904, as to the termination of the concession then, and especially the one whether we should not have it in our power, quite apart from any other administrations, to put an end to it by terminating the lease of the wire to Germany. Then, finally, there was the consideration that the Eastern Company had preferential landing rights in Egypt, which can only be terminated by the Egyptian Government on paying £150,000 for the cable, and interest which must not exceed £50,000. We have had to lay a great deal of stress lately, in dealing with questions as to the Azores, on the point that the companies concerned should give up certain preferential rights which they possessed in the Azores. It would be certainly bad policy to pledge ourselves beforehand to give landing rights to the Eastern Company, unless in one way or another they gave up their preferential right in Egypt, so as to enable competition to take place. Of course, a good deal will depend upon what view the Committee here will take upon the strength of measures necessary to secure a reduction of rate to India, and the Landing Rights Committee were extremely anxious to take no action which would in any way cut off your committee from making any recommendation which it would otherwise have made.

3068. Of course, you understand that the proposal to terminate the Joint-Purse—or, rather, to have the right to terminate the Joint-Purse—leaves it still open for all parties to come to an agreement; they need not terminate the agreement, but they can do so by giving 2½ years' notice. Also the present proposal does not affect the reduction of the rate. By carrying through this arrangement it will not help to reduce the rate. It is another question altogether. We are agreed about the reduction of the rate. I only want to carry your mind so that these questions are not in any way conjoint—they really are two separate questions?—I think I quite appreciate that, and I think that the continuance of the Joint-Purse Agreement on reasonable terms, which would not prevent the proper reduction of the rates, is not by any means to be deprecated. I take it that is your point?

3069. I understand you to say that in your opinion and in the opinion of the Landing Rights Committee, the proposal of the Eastern Company was reasonable?—I said it was, on the face of it, a reasonable proposal.

3070. Do you think it would be a good thing to have an extra cable to India?—If the traffic requires it, certainly.

3071. An additional cable?—Yes.

3072. And you still say, it being a reasonable proposal, and it being a good thing to have an additional cable, that it is fair to ask the Eastern Company to give up their monopoly in the Red Sea without payment or compensation, which they are entitled to receive, in order to obtain the consent of the Treasury?—The Committee had not really discussed the particular measures which might have to be taken to obtain the surrender of these preferential rights, and I think it is extremely probable, knowing what one does of the possibilities of competition in cable matters, that even if these rights did not exist, the Eastern Company would,

if any other lines were needed, practically be in a position to do it better than anybody else. But in view of these preferential rights the proposal of the Eastern Company was not as reasonable as it appeared, and the effect of the proposal put before the Landing Rights Committee was really to hamper the Government generally in obtaining a really competitive route to India. If such a route was considered of importance, it would be necessary to find first of all the money required for buying up this cable, and secondly, to carry through the necessary negotiations with the Egyptian Government for granting landing rights to any other company.

3073. May I take it that if this Committee recommended that the proposal of the Eastern Company was a reasonable one, and should be agreed to irrespective of the surrender of any rights in Egypt that that would influence the Landing Rights Committee to agree to the proposal?—I think that the decision the Committee took was very largely determined by this consideration that they wished to get guidance from your Committee as to the best means to be taken for obtaining this reduction of the rates to India.

3074. This is not in connection with the reduction of rates—this is a separate matter which I want to keep clear in your mind?—Excuse me, I do not altogether assent. There is a phase which is distinct, but in another sense the Joint-Purse Agreement is one of the two obstacles to the reduction of rates.

3075. But not to the parties concerned—the parties to the Joint-Purse are agreed upon the reduction of the rate; it is all in black and white. The Indian Government has agreed to guarantee £45,000 a year, and the parties to the Joint-Purse are prepared to reduce the rate at once to 2s. 6d., and if the receipts reach a certain amount a further reduction is to be made?—Yes.

3076. That is all settled?—Then I may take it from you that the existence of the Joint-Purse does not now constitute an obstacle.

3077. Not in the least as to the reduction of the rate. Supposing the members of the Joint-Purse at present could act as they would like to act, you would be able to get an immediate reduction of the rate to India, and, supposing that traffic increased, a further reduction would take place in a very few years automatically?—I appreciate that, but I am afraid I still am under the impression that you were saying that Germany, so long as this Joint-Purse continued, was in a condition to veto any reduction.

3078. Germany certainly may be in a position as a concessionary to the Indo-European Company—I do not think that it is absolutely proved—but anyhow as an administration of the Convention undoubtedly she has got the right and has exercised that right?—Certainly in one capacity she has the right, and very likely in the other capacity as a party to the Joint-Purse Agreement.

3079. As a concessionary?—Yes; under the arrangement contemplated by the India Office eight years must elapse before the obstacle, whatever it may be, can be overcome through Germany. I can only say that one would be sorry to recognise that that is the only way of meeting the case, and the object of the Committee was to leave your Committee free to recommend any other measures which it was thought would bring about an early reduction in the event of your scheme not being effective.

3080. Any opinion expressed by this Committee would influence the Landing Rights Committee on the particular question that I have been discussing with you?—Certainly.

3081. (Chairman.) I think it would be convenient to ask you to give us some information as to the subsidies which are now actually being made to submarine telegraph companies. You can give us that information, I suppose?—Yes.

3082. Will you take the African Direct Telegraph Company?—A subsidy of £19,000 a year is being paid to the African Direct Telegraph Company for twenty years from the 4th of September, 1886. The subsidy is reduced by £5,000 a year, which is contributed by the colonies concerned. The grant was to secure a communication between St. Vincent and Cape Verd, Bathurst, and Sierra Leone, the Gold Coast, Lagos, and the Niger.

3083. That will, of course, end in September of 1906?—That is so.

3084. Then the Eastern and South African Company?—This company is paid a subsidy at the rate of £8,750 a year for ten years from the 29th of December, 1880, in

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Mr. G. E. Y. respect of their east and west coast cables to South Africa. That is under an agreement of the 9th of July, 1895. I should explain that this agreement was itself a prolongation of a previous agreement under which these cables were originally laid, and the subsidy was continued at a reduced rate for some time, after its extension, so as to obtain a reduction of rates to South Africa.

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3085. And you are actually negotiating another agreement at the moment, are you not, which will come in the place of the ones you have just mentioned?—That is so. The effect really will be that the agreement of 1895 will never become effectively operative, because the 1889 agreement expired at the end of 1899, and the new agreement is to date from the beginning of 1900, so that the agreement under which the £8,750 is payable will never be effectively payable if the present agreement is signed.

3086. If the one that is now negotiating is carried to completion it would be this would it not—that there would be a subsidy of £4,375 per annum for 20 years from the 1st of January, 1900, and a new (third) cable to South Africa will be included, and a reduction of rates on the principle of a sliding scale will also come into force?—That is so.

3087. In that case you have adopted the principle of a sliding scale?—We have.

3088. Are you able to give us the basis on which the negotiations for the sliding scale have proceeded?—Yes. The 1895 agreement, to go back to that, provides that any surplus profits accruing to the company in excess of £180,000 a year (gross receipts, after deducting various out-payments) should be divided, half to go to the company and the other half to the parties to the agreement, until the subsidies were altogether abolished. The new agreement raises the sum of £180,000 to £300,000, in view of the very considerable expenditure involved in laying the new cables to South Africa. When the £300,000 has been reached or exceeded on an average of three consecutive years, a reduction of 6d. takes place in the rate, and further the surplus over £300,000 is divided as before between the company and the Governments concerned, in diminution of the subsidy. An average of three consecutive years being taken, it is possible that a reduction of 6d. may be made in the rate this year, and that if the receipts should still keep above £300,000, another reduction may take place next year—in fact, that will take place.

3089. Is this gross receipts or net receipts?—Gross receipts after deducting out-payments to other administrations, but not deducting the cost of administration.

3090. So that it is a simple figure to check?—Quite.

3091. There can be no difference of opinion between the Treasury and the Government and the company, as to whether this or that charge is a proper charge to take off before the sum is arrived at?—No. The agreement specifies exactly what the reduction shall be.

3092. There is another subsidy to the same company for £28,000 a year for twenty years from November, 1893, in respect of a cable between Zanzibar, the Seychelles and Mauritius?—That is so, the agreement was made on the 29th of March, 1893.

3093. When will that terminate?—In November, 1913.

3094. Then there is still another agreement under date the 29th of March, 1893, which provides for a subsidy of £3,500 for ten years from the 1st of January, 1900?—That is an agreement of the 10th of July, 1895.

3095. That is not what is stated here?—May I just look at it? The date given applies to the preceding agreement. This one was negotiated at the same time as the agreement of 1895, and the object was to obtain a reduction of rates on both routes.

3096. Will you tell me what this £3,500 was paid for under the agreement of the 10th of July, 1895?—It relates to the cables from Zanzibar to Seychelles and Mauritius, and from Zanzibar to Mozambique and Delagoa Bay, and it is conditional upon the communication between Great Britain and Zanzibar being in good working order and condition. For these stations the companies concede a reduction of rates.

3097. Is not it an addition to and different from the agreement for 20 years from November, 1893, for a cable between Zanzibar and Seychelles?—It covers more, it covers Mozambique and Delagoa Bay; the cable down the East Coast of Africa.

3098. I must ask you to give it quite clearly, because it is impossible from these notes to understand it.

There is a third to the Eastern Extension, Australasia and China Telegraph Company of £4,000 a year for working the line laid in September, 1900, by the company for Her Majesty's Government between Chefoo and Wei-Hai-Wei?—That is so. The agreement has just been signed, and we have got the consent of Parliament on the 6th of this month in the House of Commons. In addition to the £4,000 a year for working, the Government give the company £16,000 down for the actual laying of the cable, and the establishment of the stations.

3099. There is an agreement of August, 1896, is there not, with the Direct West India Cable Company for a subsidy of £8,000 a year for 20 years from the 1st of February, 1898, in respect of a cable between Bermuda and Jamaica?—There is.

3100. Then there is another agreement of April, 1889, for a subsidy of £8,500 for twenty years from July, 1890, with the Halifax and Bermuda Cable Company in respect of a cable between Halifax and Bermuda?—That is so. The two are practically under the same management.

3101. Is there negotiation going on for an agreement with the Eastern Telegraph Company for a subsidy of £4,500 for twenty years from the present year in respect of a cable between Ascension and Sierra Leone?—Yes. The agreement is on the point of signature. It was made a condition of the grant of landing rights to the Eastern Company for the third cable to South Africa, that they should lay this spur line from Ascension to Sierra Leone for a subsidy somewhat less than that which they had asked. It was considered important on strategical and other grounds.

3102. Those are all the agreements which are now in force, or of which you know between the British Government and the telegraph companies?—Yes.

3103. Will you be able to describe to us the principles that you follow in dealing with applications for a subsidy? How they are initiated, and how they are carried through?—The applications are received as a rule from one of the Departments concerned with strategy, usually the Admiralty or the War Office. They are often also received from the Colonial Office, who are concerned with commercial rather than strategical considerations.

3104. And apparently to knit different parts of the Empire more closely together?—Yes. In the past I think that nearly every case has been originally put forward on strategical grounds, but recently somewhat more weight has been given to commercial considerations. Then on receipt of an application we should naturally consult the other Departments concerned if they had not already been consulted.

3105. Would that be the Post Office and the Board of Trade?—The Post Office and the Board of Trade, and if the Admiralty originally made the proposal we should consult the War Office and the Colonial Office—and in some cases the Foreign Office is somewhat intimately concerned. If the application seems on the face of it one that is likely to be entertained, we ask the Post Office to give us an approximate estimate of what they think the cost of the cable would be, and how much subsidy we should reasonably give towards it. I may say here that hitherto we have gone practically entirely on the principle of giving a subsidy, and not, as is usually the case with foreign Governments, especially in Germany, of giving a guarantee of traffic receipts. The subsidy has one advantage: it is in some ways more readily accepted by the people concerned, and you know your liability to a nicety at any minute; but now that telegraphic enterprise has gone on for so long, probably in many ways a guarantee would be more suitable.

3106. A guarantee of traffic?—Yes. Then, when we have got the estimate from the Post Office of the amount we are likely to be asked we naturally communicate again with the parties who press it upon us and say, "Is this worth the money as far as you are concerned?" If they think this, and their natural impulse is to do so, then the Chancellor considers whether he sees his way to finding the money.

3107. Is that done by correspondence between all the Departments or is there any joint committee which deals with it?—No, it is done by correspondence between the Departments.

3108. (Lord Onslow.) May I ask a question, Do the Post Office give you an estimate of the traffic which they expect the company will get by any new line?—

We generally ask, but they are seldom able to give one, and they always submit such figures with the greatest possible caution.

3109. And you do not rely very much upon them?—Not very much. Of course, it is the only basis we can go on, but as a rule they would say that it is only for a figure.

3110. (Chairman.) If you have got to the position of having decided that the service asked for, and to be acquired, is worth the money demanded, what is the next step?—We then proceed to endeavour to get tenders from cable companies for the construction of the line. In some cases it is obvious that there is not effective competition. One company is in possession of the field or has exclusive rights which make it impossible to apply to anybody else. Even where there are no exclusive rights a cable which we are asked to lay might be a spur to an existing line of communication, and so the existing company would be in a far better position to quote a reasonable figure than any competitor.

3111. In other words, you consider the circumstances of each case, and endeavour to take that course which you think under all the circumstances will get you the best terms?—We do.

3112. Then the next step is to form the agreement between the Treasury and the company, and when that is settled the House of Commons is acquainted with it and the consent of the Government obtained?—Yes, we obtain the consent of the House of Commons.

3113. Perhaps you will tell us what provisions you usually embody in agreements for a subsidy?—There are stipulations as to the type and carrying capacity of the cables, the route to be followed and the nationality of the operators. We stipulate in nearly all cases for half rates for Government messages, Colonial as well as Imperial, with priority in transmission. The subsidy is usually given for 20 years. The time of 20 years was taken as the figure which was regarded as the ordinary life of the cable. Now a somewhat higher figure is taken. The subsidy ceases if the working is interrupted for more than a specified period, usually three months. The cable usually remains the property of the company. The whole arrangement is subject to approval by the House of Commons. In some cases security is required for the due fulfilment of the contract, and there are other special provisions to meet special circumstances.

3114. I am right, am I not, in saying that while the cable is laid by agreement with the Treasury it remains the property of the cable company?—It does.

3115. They are responsible for maintaining it, and in fact it is so arranged that being their property a premium is put upon their maintaining it as efficiently as possible?—Yes.

3116. There is one instance of a cable being laid on behalf of the Treasury by a company, the cable remaining the property of the Treasury?—The one case is the cable between Chefoo and Wei-Hai-Wei, that I was speaking of above. For the laying of this we pay £16,000. It is quite a short line.

3117. Do I understand you to say that the Post Office is a joint owner with other foreign Governments of most of the cables between this country and the north-west coast of Europe?—Yes, and the policy is to extend this system to other North Sea and Cross-Channel cables as the landing rights expire. A great deal of trouble has arisen from the existence of these privately owned cables, and especially in connection with the Emden and Valentia cable, as to which we have been in correspondence during the last two years with the German Government.

3118. You like to own along with the Governments rather than to allow a company to own on your behalf?—Yes, so far at all events as the Cross-Channel and North Sea cables are concerned. They are regarded as merely the extension of the land lines of each system. The largest operation in this direction was the purchase in 1889 of the cables of the Submarine Company between this country, France and Belgium.

3119. A considerable departure from a former policy has been taken in regard to the Pacific Cable, has it not?—Yes. That has been the most remarkable instance of recent years. The Treasury was opposed to the venture, because this cable was regarded as being an interference with the private routes to Australia. Its opposition was overcome by various other countries

interested, and now the thing is proceeding, and we have arranged to be joint partners with Canada, New Zealand, Victoria, New South Wales, and Queensland.

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3120. How is the board constituted which managed that cable?—Three members representing the Imperial Government, two representing Canada, one representing New Zealand, and two representing Queensland, Victoria, and New South Wales.

3121. Are you a member of the board?—Yes.

3122. How often do you meet?—Once a month at least. At the present moment the cable is only in course of manufacture.

3123. When it comes into commercial operation you will have to discharge the same functions in regard to the cable that the Board of Directors would to a community of shareholders?—We shall.

3124. It is too early to ask you if you see any difficulties in working?—I can hardly say yet.

3125. Things are tending in another direction, and a gigantic joint-purse arrangement may be made?—Yes. I think as the Pacific Cable is a single line it is almost impossible for it to carry on business satisfactorily without some alternative route. If, of course, arrangements could be made to make use of existing alternative routes it would be obviously convenient.

3126. If it comes to be a question of a joint-purse arrangement of that kind the commercial community is likely to get the oyster and leave the Government with the shell. I am not sure that that is necessarily the case with other joint-purse arrangements.

3127. (Lord Onslow.) I would like to ask one question in the interest of the Pacific Cable policy. You will perhaps admit that one great advantage secured by the Pacific Cable is this: that it is an all-British route?—That is so.

3128. (Chairman.) Why do you call that a great advantage?—I think that strategically it is an advantage; for commercial purposes that route is not the one that would be chosen.

3129. Now go to the question of landing licences, please. In this country the Board of Trade regulates the granting, does it not?—Yes.

3130. In India and the Colonies which have responsible Government, the local Government arranged it?—Yes.

3131. And in Crown Colonies the Secretary of State?—Yes. I may explain that the Board of Trade here is the authority granting licences on account of being in charge of the foreshores.

3132. But the Board of Trade and the Secretary of State for India and the Colonies are advised by a Standing Committee which represents the Admiralty, the War Office, the Foreign Office, and your own Department?—And the Board of Trade, the India Office, and the Colonial Office.

3133. I think you are a member of that committee?—I am.

3134. (Lord Onslow.) Were you elected chairman?—I believe Lord Dudley is going to be chairman.

3135. (Chairman.) Then it is not a committee of permanent officials?—Hitherto it has been a committee of permanent officials, and we have got no official knowledge from any Department, but I had a note from Mr. Hopwood about it.

3136. What exactly are the functions of this committee? Has it executive power or only advisory power?—Only advisory power. Any application for landing rights received by any of the Departments or Governments concerned are referred to the committee for report, and, as a rule, the advice of the committee is adopted by them.

3137. Does it record its decision?—I am not quite sure I understand what you mean by that. It prints reports, and sends the report to the Department referring the matter.

3138. Is there a volume of records in which anybody can ascertain what has been done in any particular application?—Yes.

(Lord Onslow.) Not anybody?

3139. (Chairman.) Which any Government Department can refer to?—Yes. It is not an open or public committee.

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3140. If there is difference of opinion is the opinion of the majority simply taken or is the division of opinion recorded?—In a case like that there would be a majority report, and a dissentient would have a supplementary report. As a rule, it would be on some specific small point, but hitherto the proceedings have been almost entirely without record of dissent. In fact, I think there is only one case as far as I remember.

3141. It is not a body of very long standing?—No, it was only appointed less than two years ago. Before that the Post Office and the Department concerned had more or less settled the matter between them.

3142. What are the other considerations which have most weighed in deciding the question of granting or refusing landing rights?—Well, hitherto there have been two rather conflicting considerations. One is the protection of British interests, which has various forms, and the other is making England the telegraphic centre, which may be, roughly speaking, described as free trade. To a great extent these two things may go side by side without conflict—that is, if the only applicant is a British company, obviously there is no objection to granting the licence from either point of view, but where you come to deal with foreign countries, and still more with foreign Governments, then you will have to make your choice as to whether you will welcome all comers, or say, “No, this company or Government will take away business from a British company, and, therefore, we shall refuse them a licence, or hedge it about with restrictions.” As far as there has been conflict, the older policy tended in favour of protection, but now it tends more in a free trade direction.

3143. But for limited terms, of course?—The terms have become more limited with almost every licence granted. The original licences were granted practically without any terms at all. The Indian licences, as far as I know, are for ever. Now, I do not think we ever grant the licence for more than twenty years, and, as a rule, if there are other licences for competing lines which expire earlier we should make the licence to the applicant expire at the same time as the existing licences.

3144. The object I suppose being to take care that the Government of the day when the period of expiry arrives should have the opportunity of reconsidering the whole policy on a comprehensive basis?—Entirely so.

3145. And you entirely approve of it?—Yes.

3146. Would you go so far as to say that it is so wise a policy that it ought to be made for certain?—I think so certainly. The one consideration against the adoption of the shortening of the possible period in every case is that, unless there is some reasonable prospect of renewal, a company will not invest a large sum of money for a landing licence for a few years.

3147. Is it part of your duty to study the question of reserve funds between telegraph companies?—I have had occasion to do so now and again in connection especially with an application from the West Indian and Panama Company, and I made some inquiries as to the amount that ought to be put aside as a reserve fund to replace cables when necessary.

3148. Is there a consistent policy amongst Telegraph Companies with regard to a reserve fund?—Well, I think there is a counsel of perfection which they aim at but very rarely attain. Their reserve fund ought to be calculated on such a basis as to replace their cables at the end of the average life of them, which used to be taken at 20 years, and it is now accepted to be taken at 25, and some authorities go as high as 30 years, but very few companies have reserve funds which would be adequate if it came to the point at once. They draw upon their reserve funds very often to lay new cables instead of creating new stock.

3149. It is very difficult for any outsider to say whether a reserve fund is adequate or in excess, or not adequate?—The chief difficulty arises really from one's ignorance how far they have repaired cables in pieces. The International Telegraph Bureau at Berne publishes a book showing the length and the date of laying of all the lines in the world, but a line may have been repaired a good deal in places; new lengths put in without having laid a new cable, and they keep the old date, although the line may have been a good deal replaced. That is the principal difficulty which meets one.

3150. Can anyone outside form an accurate opinion of the state a cable is in?—In view of that considera-

tion they cannot. If they knew all the facts they could. But again, the durability of the cable varies in different waters. There are various things which affect cables, such as currents and sharp rocks. You may take an average, and that is all that you can do.

3151. Is not that one of the great difficulties which will face any one making a bargain with the cable companies on a sliding scale?—Well, we have enough experience I think in general to take a figure which will not be so wide for writing down the cables every year. Of course it would be somewhat in favour of the companies, because the average includes a great many lines which were not very good to begin with, and now they are made of a better quality, and they last longer than they used to do, and the average would be based on all cables.

3152. (Lord Londonderry.) I have to ask you if you have any views as to whether substantial payments could be made by cable companies with regard to landing cables on British territory?—Yes. I had occasion to express before the Landing Rights Committee the view that a landing licence was a substantial and valuable concession, for which a return should in some form be made. The form which the return should take varies in different circumstances, and as a rule it is found most convenient to obtain a return by stipulating for reduced rates for Government messages, and for equality for British traffic where it is possible to do so, and things of that kind. As regards making a money payment none has been made, and the nearest approach to it has been the reduction of the Eastern Company's price for laying the Sierra Leone-Ascension line.

3153. Then the Committee reported against that view?—No, it made no report to that effect.

3154. Do you hold those views still at the present moment?—It is the view of the Treasury that occasion should be taken in the granting of landing rights for obtaining concessions for the public and the Government as far as possible.

3155. That being so, do you, representing the Treasury, consider that you are putting onerous conditions upon the companies for landing rights that might have a prejudicial effect on our cable enterprises?—No doubt you have distinctly to consider whether they have alternatives.

3156. I suppose one consideration might be whether the companies were themselves rich enough and able to pay?—I do not think that it has been contemplated that a payment of that magnitude should be made that would really seriously affect their finances. But still no doubt a very poor company would not be able to pay anything, but even then they could do Government work at reduced rates.

3157. We have had before us witnesses who have been asked about the question of State purchase of those cables; have you any opinion upon that point?—I am strongly against State purchase, and, as far as possible, management, of cables. I think it is a business in which you want really the experience that you cannot acquire ordinarily in the public service.

3158. (Lord Onslow.) Have any proposals been made to the Treasury for the construction of a cable or granting a subsidy to a company for constructing a cable going direct from Jamaica to St. Lucia?—Yes, the Colonial Office, the War Office, and the Admiralty have all expressed themselves in favour of having such a cable, and we asked the West India and Panama Company how much they would do it for. They said they would cut out an existing cable from Ponce and join it up so as to make a line from St. Vincent and St. Lucia for £5,000 a year. We accepted the offer, and then when it came to the point they said that the times were so bad for cables, and the prices of copper and gutta-percha had risen so much that they could not hold to their offer, and they must raise the price. We said in that case it would be better to let the matter stand over until some of those heavy jobs were worked off, so that we get it at the original price.

3159. Is your idea to continue the negotiations with the West India and Panama Company?—Not at present.

3160. As to the question of the policy of the Landing Rights Committee as regards the change of place of the termination of the Atlantic cable from Valentia to Waterville, that was opposed, I think, by the Committee, and you refused to allow the German Govern-

ment to remove their Emden line from Valentia to Waterville?—We refused to allow them to do it except upon conditions.

3161. What were those conditions?—They were to join us in laying a new cable across the North Sea for the use of the Pool Companies and to give them a power of collecting traffic in Germany. There were various other conditions of that kind which Germany hitherto have not seen their way to accept. But communications are still passing, and it is hoped that some arrangement will be come to.

3162. That is to say that the condition that you want to impose upon them was in the interest of the Pool Companies?—The object in view was really to obtain equality for our traffic as compared with the German traffic. The Germans had certain advantages in Germany, which we did not allow our companies here, or if we do allow them then we give the same to everybody. We want equality of conditions in both countries for both sets of competitors.

3163. And the result of that was that the landing rights have not been granted, and Germany has no alternative cable to America except the one by the Azores?—Germany can send its messages through England just the same as any other country, but it has not an exclusive alternative, it is true.

3164. Have you any opinion at all as to how far that policy may have affected the German Government in refusing to allow the reduction of the rates to India?—Well, as regards that I think the evidence is rather scanty that they have refused. I am told that they have not been properly approached. But they have no doubt endeavoured to connect the question of the extension of the Indo-European Company's concession with that of the removal of the Emden-Valentia cable.

3165. Have not they made it a *sine quâ non* that the one question shall not be discussed until the landing rights at Waterville have been settled?—No. I have not heard that they have made their consent to the reduction contingent upon it.

3166. I should like your personal opinion as to the respective value of the two objects. Do you consider, if it were a question of giving a concession to Germany to use Waterville instead of Valentia as a terminus, that that would be too high a price for the removal of Germany's objections to the reduction of the rate to

India?—No, I think not. Of course I am assuming *Mr. G. E. Y. Gleadowe, C.M.G.* that we get reasonable terms in other respects, but putting it broadly in that way I think not.

3167. (Chairman.) And assuming that we get rid of everybody else's objections to the reduction of the rates?—That is an important thing.

3168. (Lord Onslow.) About the reserve of the cable companies: In answer to the Chairman, you said that you had made that a study?—I have had occasion to look into the subject.

3169. I wanted to ask you this: Have you considered how far it was possible for the Eastern Company to defray the cost of this new cable from England to Madeira, the Cape, Cocos, and Australia out of this reserve?—I believe they have been drawing on their reserves to a certain extent for it; but I am afraid that their system of finance does not lend itself to show very clearly where the money comes from. I think they have drawn upon reserves so as to avoid issuing new stock.

3170. They take some care to conceal those facts from us, but at the same time it is impossible to deny that they had altogether a sufficient reserve to enable them to defray the whole cost of that line?—I should say it would be a dangerous thing to do. I may say at the present minute the Eastern Extension Company has about the reserve which it should have, as far as I can calculate. These cables are comparatively new, and I think, as far as I know, they have got about the right amount. The reserve of the Western Company is considerably below what it should be on the basis, of course, that the rates may really be relied on. That of the Eastern is barely half what it should be on that assumption. I think that their policy has been instead of keeping this money in the reserve—because when they want to lay a new cable they take it out of the reserve or issue new stock—they say they can issue new stock when they want to lay a new cable, and in the meantime they have to draw upon their reserves—it is an alternative.

3171. Do you think that it is too high, and that those reserves are maintained in the first place for defeating competition, and in the second place to renew the cables?—I should not say that there is evidence that their reserves are used for defeating competition. If they are above the mark there might be good colour for the statement, but I do not think there is any real ground for saying so.

Colonel HOZIER, C.B., called; and Examined.

3172. (Chairman.) We know you are Secretary to the Institution known as Lloyd's?—I am.

3173. You have held that office for some years?—For twenty years nearly.

3174. And naturally as holding that office you have from time to time had occasion to study the difficulties and grievances on questions which have arisen in regard to submarine telegraphy from Great Britain to all over the world?—Yes.

3175. In that position you hear, I suppose, the comments that people make, and their aspirations and the difficulties that they encounter?—Yes.

3176. In the first place, would you say what is the most prominent of the difficulties which have been brought to your notice?—I think that almost the most prominent of the difficulties is the very high rates of telegraphing in different parts of the world. The high rates for communication with our own colonies. That is one of the difficulties. Another difficulty is that in some cases the cables and telegraphic communication are not in the hands of Great Britain, but in the hands of foreigners.

3177. Perhaps I might take those two questions separately. So far as cost is concerned you would, I suppose, agree that commercial telegraphy should pay its own cost?—Certainly.

3178. You do not seek to have commercial telegraphy done at anything less than cost price?—I do not think it possible.

3179. Do you think it is true to say that it is now in any marked degree much beyond what it ought to be on that basis?—It seems to us that the rates are very heavy.

3180. (Lord Onslow.) Is that so generally, or could you

particularise?—I think the South African rates are very heavy—3s. 6d. per word to South Africa.

3181. (Chairman.) Have you gone into it at all in detail with a view to seeing as a matter of business calculation if it could be reduced and yet pay?—Not at all. I do not know whether the cables can be managed more economically than they are—I do not know.

3182. You are in favour, I understand, of the policy of laying the Pacific Cable?—I am very much indeed.

3183. Do you expect to get a reduction on the rates for commercial telegraphy in that way?—Not with that object so much as to have another route open. It would be a great advantage to have telegraphic communication with Australia entirely passing through British lands.

3184. I understand you to advocate an additional cable between Western Australia and Mauritius?—I think it would be an advantage.

3185. What objects would you hope to gain by that?—We think that we should get communication between Australia and Mauritius, and at Mauritius the cable would join on to the Eastern Telegraph system, and we should be able to telegraph direct by the Eastern Telegraph Company from England to Australia and duplicate another line.

3186. What would be the cost, do you know?—That I do not know.

3187. If the cost was in excess of the profit which would be gained by it, you would, of course, obviously assent to the principle that it must be done by Government agency?—Yes, it must be.

3188. Do you like the idea of Government agency of that kind linking up cables in such a way as to compete with private enterprise?—No, I do not think that they ought to compete with private enterprise, but I think for strategical reasons it would be

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a very good thing if the Government would take measures to lay all cables that were required for strategical purposes.

3189. You contemplate a system of State-owned cables and submarine cables all over the world?—We require to supplement the cables of the present British companies.

3190. How would you draw the line between supplementing and competition?—Wherever there was a British company running a cable on proper conditions I should be inclined not to establish a Government cable, but only to supplement it. It seems to me that wherever there is sufficient commercial traffic to pay a cable there a British company will lay it probably, but when it goes beyond that for strategical reasons Government would be the only people to do it.

3191. I refrain from giving instances, but you can conceive this: that a bit of cable which would in itself not be commercially profitable might form a link between two commercially profitable cables, and by being laid by Government would form a competing route with the commercial cables?—Not if the extremities of the cable abutted on commercial cables. It would be only a connecting link, and the cables would have to connect with the cables.

3192. You will agree with me probably that the present main route of telegraphic communication from Great Britain to Australia is by the Eastern Company, and by the Eastern Extension across India and the ocean down to Australia?—Yes.

3193. Supposing your suggestion were carried out, and a cable laid from Australia to Mauritius, there would then be a route running down the west coast of Africa and from the South of Africa to Australia, which would be laid by Government, but it might be used to compete commercially with the other route which I have just mentioned?—Yes, it might.

3194. I do not say for a moment that it is conclusive against the proposal, but would there not be considerable risk of those who are interested in this new route cutting rates, so as to induce traffic to go by the Government subsidised cable instead of what I call its natural path of transit?—There certainly would be that.

3195. Do you not think that those who had invested their money in the Eastern Telegraph Company would have some right to complain, or would complain, if they were competed with in that way?—I think they would, and would have very good cause to complain of the Government competing with private enterprise.

3196. If the cable were once laid, how do you stop private competition?—If it is laid for purely strategical reasons I think the Government ought not to compete with the private companies that lay cables.

3197. Have you considered the difficulty of laying down a code of regulations which would carry into effect the counsel of perfection which you have just suggested to me?—I think that it would be extremely difficult, and I think that there would be very great popular opinion brought to bear all round if the Government were to lay their cables for commercial purposes.

3198. Will not the same set of considerations in a varying degree arise when the Pacific Cable is laid?—I think so.

3199. (Lord Onslow.) You said you thought that the rates generally to our Colonies were excessive?—I think they are high.

3200. There have been material reductions of recent years?—Certainly.

3201. And if you compare the rates over the original cable to America, for instance, with the rate which obtains to-day, it is scarcely possible to compare them?—They were driven down by competition.

3202. Do you not think that competition between the Pacific Cable and the Eastern Extension is likely to bring about a reduction of rates?—I should think it might, but we do not know at all who is going to lay the Pacific cable. I think that there would be a strong feeling in the commercial world to deprecate any competition between a Government undertaking and a private undertaking.

3203. But still the Government undertaking is not alone strategical—the Pacific Cable has not been laid purely for strategical purposes; it expects to receive a considerable amount of support from the commercial

community?—But I think there is a very considerable feeling in the commercial world against the Government using public money to compete with private enterprise, and I think there would be agitation.

3204. Am I to understand from that that you think that both routes being open to the public, the disposition would be to send them rather by the commercial company than by the Government line?—Well, I do not know that their sympathy would go so far as to pay money.

3205. I do not say pay money—I am assuming that the rate by either route is the same, and that the private individual can route his telegram by whichever route he likes. Do you think that the spirit of the commercial community would be so high as to say, "I do not approve of this idea of Government cables; I am going to send it by the Eastern Company"?—I think that would be so certainly.

3206. Now, in practice, do you think that the people are estopped from sending telegrams by the high rate?—I think so certainly. They would be much more strongly worked if the rates were low. It is a very open point to consider whether they could pass enough messages to trust to the rates in order to bring up their dividend.

3207. Of course, as you know, that is practically taking place, whenever the reduction is made it is made on the assumption of increase of business?—But the worst of it is that increase of business cannot be made to pay, because they cannot pass the messages.

3208. You mean that the manipulating power of the cable is not sufficiently great?—And the cable gets choked, and that does not pay.

3209. Is there any demand on the part of the commercial community for a cheaper deferred message to take when the cables are, comparatively speaking, free?—I think that a commercial man does not suffer from that. He knows that it will cost £3 or £4, and he considers whether it is worth his while to pay it or not. I do not think there is any strong feeling in the matter. Commercial men are too busy to consider these questions.

3210. You do not think there is any demand for a cheaper deferred rate which might take a longer time in transit?—I do not think so. If a man wants to telegraph he will telegraph as quickly as possible. He will not telegraph unless it is on an urgent matter, and then he wants his telegram delivered as quickly as possible. From my slight experience of the commercial world in London I do not think that the foreign system of deferred rates would be of any benefit to them.

3211. (Chairman.) You confine that answer purely to commercial matters?—Yes.

3212. (Lord Onslow.) I think the Chairman's meaning is rather to extend that to private messages, to private people?—No, I do not think that private people would telegraph, whatever the rates. For instance, a man wants to wire to his wife, or something of that sort; with a deferred rate that might be done, but the number of these rates would be infinitesimally small compared with the commercial messages.

3213. Have you any idea in your own mind as to what you think would be an acceptable rate to the commercial community to any parts of the British Empire—the cheaper the better naturally, but I mean to say what do they think? You say 3s. 6d. is a great deal too much to telegraph to South Africa; what do you think they would like to have?—If I could do exactly as I liked I should like to see a universal shilling rate all over the Empire.

3214. Whatever the distance?—Yes, outside of Europe.

3215. Your proposal is that the Government should guarantee to the companies a certain sum of money every year, and if the 1s. rate did not produce that, the Government would make up the difference?—Yes, that is the only hope. The company could not do it in the face of loss.

3216. Do you think that that would impose a heavy burden upon the Government, or that the cheaper rate would bring in more revenue?—I think that at the beginning the Government would lose pretty heavily, but I think as people realised what they could telegraph for that the Government would find that it would pay them, provided that they could get the additional messages over the cables.

3217. Provided they would not have to lay additional cables in order to have the increased number of messages?—Yes.

3218. Are there any parts of the British Empire to which there is no telegraphic communication with which the commercial community would be desirous of having communication?—I do not think there is at the present moment very much. Of course, there are certain places, such as the Falkland Islands, that would be glad to have it, but that is more a luxury than anything else. I do not think there is any crying necessity for it.

3219. Take British Honduras?—You might look upon that in the same way, as a luxury.

3220. You think there would not be a great demand for telegraphic communication?—Quite so.

3221. How about the West India trade?—That has sunk so low that there has been very little commercial traffic on it at all.

3222. But you have not heard an outcry about it?—Our agents, who are always members of the Chamber of Commerce in all these places, are only too glad to put before us any demand, and we have had no demand recently.

3223. Are you satisfied as to the carrying capacity as to the cables to the Cape and Australia?—We have had very few complaints. Lately there has been some considerable delay in messages to the Cape, but that has been put down to the military authorities having stopped messages.

3224. Of course there are interruptions of the cables too. If all the work is to be thrown upon one cable you will admit that that may for a time cause some inconvenience, but that in full working order there is no practical inconvenience to the commercial community?—No, not anything very striking.

3225. (*Sir John Ardagh.*) Have you considered the question of cables as against land lines for the transmission of commercial and other messages?—Of course we would rather have cables than land lines.

3226. Both for their certainty and for their nationality?—Yes.

3227. You attach considerable importance to all-British cables for British commerce?—Certainly.

3228. And you would view askance and with sus-

picion any system of communication which was dependent upon a foreign link?—Certainly.

3229. You think that that view is shared by all the maritime commercial community of Great Britain?—As far as I know it is most strongly held.

3230. There is not a doubt about it?—Not a doubt in my mind about it.

3231. I presume holding this view that you would not be prepared to sacrifice all-British, or even partially British, cable communication, to have a cheaper line through foreign territory by land lines?—No, we would rather pay heavily than let it go out of British hands.

3232. As regards the all-British lines do you see any practical difficulty in arriving at what one may describe as moderate rates over those lines which are now considered as charging excessive ones?—For instance, to the Cape it is a 3s. 6d. rate and to India a 4s. rate. I do not think it would be possible to do anything that would take away the fair profits from the companies. I think that the companies of course have a perfect right to charge what they like, but I think the only way would be, as Lord Onslow said, to guarantee the loss.

3233. You draw a line at such a point as would allow the all-British cables to continue to exist?—Yes.

3234. You would not encourage competition beyond that point?—I do not think that there ought to be Government competition against private enterprise, but I think that if the Government were to say to the cable companies, "Look here, if you reduce your rates to 1s. a word we will guarantee you against the loss," that would be a very fair step for the Government to take.

3235. I put to you a particular point: It is possible now to telegraph to Fao, at the head of the Persian Gulf, at 6½d. per word?—Yes.

3236. And if an independent cable from Fao to India were made which probably ought not to be charged more than another 6d. or 1s., then you could telegraph to India by that route for 1s. or 1s. 6d.; would you consider it justifiable to adopt such a system, knowing that it would result in the practical extinction of the British through cables?—No, I do not think it would—also I suppose that the message to the Persian Gulf would go through Turkish territory.

3237. Which would be an additional objection?—Yes.

*Colonel  
Hosier, C.B.*  
11 June 1901.

## FOURTEENTH DAY.

*Thursday, 20th June, 1901.*

PRESENT:

LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*)

The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C.M.G.

Major-Gen. Sir J. C. ARDAGH, K.C.L.E., C.B., R.E.  
Rear-Admiral R. N. CUSTANCE, R.N.

ROLAND WILKINS, Esq., *Secretary*.  
J. H. LINDSAY, Esq., *Assistant Secretary*.

Mr. CHARLES BRIGHT, F.R.S.E., called; and Examined.

3238. (*Chairman.*) You are a civil engineer and electrician, and a Fellow of the Royal Society of Edinburgh, an Associate Member of the Institution of Civil Engineers, and a Member of the Institution of Electrical Engineers, and you have had professional experience of some 17,000 miles of submarine cables?—Yes.

3239. And you have also had experience of land telegraphs?—Yes.

3240. And you are an inventor, and you have taken a prominent part in discussions of divers electrical subjects for various learned societies, besides being the author of a standard work on submarine telegraphy, and generally you have taken an interest in the questions which are remitted to this Committee?—That is so.

3241. I think the first point upon which it would be

desirable to ask some questions would be as to the points on which, in your opinion, the present cable communications require to be supplemented, and on that I think your views are pretty well expressed in this memorandum \* which I hold in my hand, which you have been good enough to prepare for this Committee?—That is so.

3242. Some of those lines would, of course, be valuable mainly for strategical purposes, and not for commercial purposes?—Certainly; I think, perhaps, mainly.

3243. But on that point would you say that, as a general principle, the consideration which should guide

*Mr. Charles  
Bright,  
F.R.S.E.*  
20 June 1901.

\* Not printed.



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a country like this is to get as many different lines by as many different routes as possible?—That is precisely my view—to have as many different routes as possible.

3244. And the number of routes is more important than their being what is somewhat generally called "all-British"?—Personally I think we want "all-British" lines as well as what I should prefer to call commercial lines.

3245. What do you think would be the advantages of what you call an "all-British" line?—I think the principal advantage of an "all-British" line is that it secures the secrecy of messages both during war and before its actual declaration. I also think that from the strategic point of view those who have spoken against the advantages of "all-British" lines have rather left out of account the only sort of war that needs to be considered—that is what I venture to call a surprise war; my view is that in the event of our being at war with, say two European powers, I do not for a moment say all, but a considerable number of our cables would be cut before war was declared at all, the result being probably a serious interference with our communications at a critical moment.

3246. It requires a certain amount of preparation, you mean?—It requires a certain amount of preparation, but it would take some time to make those lines good again.

3247. It requires a certain amount of preparation, to cut a cable, does it not?—Yes.

3248. Do you really think that in these days of rapid communication by telegraph, and considering the number of agencies which this country has all over the world, that really what you call a surprise war could ever come upon us? There would be warnings beforehand, surely?—I certainly think that some considerable interference with our telegraphic communications on foreign soil, or in shoal water, might any day form the basis of a declaration of war. I believe it is admitted that Russia, and also France, have equipped ships as cable ships for the express purpose of interrupting our cable communications.

3249. What certain sources of information have you upon that point?—I thought it was matter of common knowledge. As regards any actual statement that has been recorded in print, I think I can only point to a very definite remark of Lord Clarendon's, of some years past. I am afraid I cannot exactly quote when it was.

3250. You would not expect us to attach a great amount of weight to newspapers on that point, would you?—I should not attach importance to anything hearsay, or to anything in most newspapers.

3251. I mean you would not assume that when it is said that such and such a preparation is being made that therefore it is being made for the particular purpose?—Certainly not.

3252. Going back to the subject of duplicating cables, it would not matter for your purpose, would it, whether the cable was a submarine or a land line, so long as there are alternative routes of communication?—I would not like to be represented exactly in that way. Aerial land lines, costing one-sixth of what cables do, form extremely useful adjuncts and connecting links, but cannot be regarded from a strategical point of view in the same light as deep-sea submarine cables.

3253. I would agree, but my question is much more general than that. You would, I believe, in your recommendation have as many routes as possible, whether they were submarine or land lines?—Certainly.

3254. You made a remark just now that the cost of a land line was probably about one-sixth of a cable. Is that an axiom?—Yes; roughly. In consideration of the present cost of materials, the proportion varies from one-sixth to one-seventh.

3255. That being so it gives a land line a very great advantage over a cable in actual practice, does it not?—From an expenditure point of view, yes.

3256. The capital outlay involved, of course, is one-sixth?—Yes.

3257. What do you think is the advantage which a submarine cable has to compensate for the great disadvantage of cost in construction?—I think a deep-sea submarine cable, broadly speaking, say over 500 fathoms, is far less likely to be interrupted with success by any enemy at the moment when an enemy tries to interrupt it than a land line.

3258. We would all agree that a submarine cable is much less easy to interrupt than a land line, but in putting the question I meant in actual practice, because the normal condition of things, whatever some people may say, is peace, and if a cable will not maintain itself in peace by commercial transactions, of course it is a much greater burden than if it does so?—Quite so.

3259. Then I suggest to you are there not some advantages which a submarine cable has in actual working which would go some length—I do not say the whole length—to compensate for the extra preliminary cost?—Certainly. One of the principal advantages of any great lengths of submarine cable is the continuity of the service.

3260. They do as a rule give a better service, do they not?—Certainly.

3261. But I suppose at a higher cost?—Yes.

3262. Were you an advocate for the Pacific Cable?—Yes, as a strategical cable and as a line meeting the political, social, and diplomatic requirements of the day from an Imperial standpoint.

3263. But not as a commercial undertaking?—Not as a commercial undertaking. I think that one point should be remembered with reference to the Pacific Cable. It should not be regarded purely in the light of an extra link with Australasia. It is conceivable that this line might form a means—possibly our only means—of communication with Europe. I do not say it is very probable, but I say that it is quite conceivable.

3264. A link from where?—From this country, say, to Gibraltar.

3265. You mean that if you were interrupted between here and Gibraltar by the direct route you might get quicker by the Pacific Cable back to Gibraltar than if no such means of communication existed?—I do.

3266. That, of course, raises, if Governments either lay or subsidise such lines as the Pacific Cable, does it not, in an acute form, the whole question of what is the proper relation between a Government and a cable company?—Yes, I suppose it does.

3267. It would be possible, would it not, to send commercial messages to Australia by the Pacific Cable, which would be subtracted from the revenue that would go to the private enterprises by the Eastern Extension and on from India?—Quite so. I think I have lightly touched upon that in my memorandum. Personally I doubt whether the cable companies, considering the policy they have pursued—a very natural policy—can lay claim to any special consideration.

3268. Considering the opportunities of the companies as a whole and the possibilities of making money, would not you say that they have served the Government very well?—I do not think that they have served the Government badly as regards service, but I cannot conceive that any company, I was going to say *could* do so, but I will say *would* do so. I think that some of the subsidies have been very large, and I think the Government has been in fault, if I may say so, in not having asked for more privileges on behalf of the public in return for those subsidies.

3269. Do you look with equanimity as a matter of policy on competition by Government-owned cables or subsidised cables all over the world with commercial enterprise—with the submarine cable?—No, I do not, exactly. I consider that the companies should be given an opportunity—should be asked to do what the Government suggests—even though possibly the lines may not offer great sources of revenue from a commercial point of view; but I think if the companies do not choose to lay the line asked for by the Government, then the Government are free to do so themselves.

3270. Obviously a commercial company cannot lay a cable out of which it does not think it will get a profit?—From a general policy point of view—seeing that they are making extremely good profits on their existing lines, and considering the large subsidies they have from Government, I certainly think that they should do a great deal to meet the Government in any request that may be made with regard to other lines.

3271. Even to the extent of undertaking large enterprises at a certain loss?—Well, I find it very difficult to answer that, but I do not think that the companies have as yet done as much as they should do towards trying to lay lines that from the national point of view

would be useful, even though commercially unremunerative.

3272. Would you or would you not agree that as a rule a commercial company would do such a job as the laying and working of a submarine cable better and cheaper than a Government would?—Yes. I think that this is work that the companies should do if they will, and I do not think that the Government should undertake it unless it is very clear that the companies will not. I do not believe in competing with private enterprise if private enterprise will reasonably undertake what it is asked by Government.

3273. Do you think that the companies have or have not fairly fulfilled their obligations?—I think that they have fulfilled their obligations as regards any actual points mentioned in an agreement with Government, but I consider the Government should certainly have inserted clauses that would have been more to the public benefit.

3274. That means this, does it not, that if the Government knew all they know now, when cables were being laid they would have made a better bargain?—Exactly.

3275. Is that a fair criticism then to make on the Government?—I do not mean it to be a criticism in that sense, and I should perhaps have added the qualification you mention.

3276. Do you think that it is a fair test of what the charge for a telegram should be to say that the actual cost of it is the same whether it is carried over a long or a short distance—the actual cost of transmitting a message?—No. I cannot associate myself with an opinion of that description.

3277. You would not argue that because the actual cost of transmitting is the same, that therefore the rates should be the same?—Certainly not.

3278. On the ground that such a statement takes no account of the initial cost of the cable which, I think, would vary not only according to its length, but in a greater degree as the length increases?—Quite so, owing to the fact that the working speed of a cable is reduced to a fourth of its original speed when the length of the line is doubled.

3279. There is a formula for that?—Precisely—Lord Kelvin's formula.

3280. Probably you would say that there are other considerations, would you not—that the volume of the traffic along the cable must be taken into account, and if there is a good traffic the rate for the individual would be expected to be more reduced than if the cable is not wholly occupied?—Quite so. I do not at all agree with the comparisons which are sometimes made between the rates to different places. Naturally when a company lays a cable between given points, the tariff has to be arranged on the basis of probable traffic.

3281. Can you suggest to me anything which would form a fair measure of what a cable rate should be? Is it too large a question to reply to in one answer?—I am afraid I find it rather difficult to answer that question in a few words.

3282. In one part of your memorandum I notice a very interesting comparison, a comparison between the rates between Hong Kong or Shanghai on the one hand, and Vladivostock on the other. You say that a telegram from Shanghai or Hong Kong costs 5s. 6d., whereas to Vladivostock it may cost 9d. per word?—That is so.

3283. What is the point of origin of the telegram, because that is not made distinct in your memorandum? I may read the exact words of your memorandum. You say: "A curious example of the variability of rates to spots about equi-distant is provided in the instance of Shanghai or Hong Kong and Vladivostock; a telegram to both of the former costs 5s. 6d. per word, whereas to the latter it may be sent for 9d. a word." But you do not tell me where the point of origin of the telegram is?—The point of origin for Hong Kong and Shanghai is London, but it is possible that I may have made a slip—I will not say that I have—as regards the point of origin from the Russian point.

3284. It is not from London to Vladivostock?—That I am not absolutely certain about. If it is not from London I think that it is from the Great Northern Company's headquarters, which are at Copenhagen.

3285. But, of course, it is a point of extreme importance in its bearing on the rate?—It is, but I think it is from London.

3286. If it is not from London I do not quite see what the point of the comparison is?—Quite so. If I have made a slip the comparison would not hold.

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3287. You will explain to me exactly what the point is: What was the object of the comparison?—Well, if it is only from St. Petersburg to Vladivostock the two are not comparable, but it is just possible that I may have made some such mistake, because I talk further on of what a message would cost for a Frenchman to send to various French points.

3288. I am coming to that?—I am sorry to say that my *précis* has been prepared at different moments and wedged in sometimes with other things. That part has, I think, a footnote, and I have made alterations perhaps without glancing at the rest of the sentence.\*

3289. You give another instance: You give from London to Accra, 6s. 3d.; and from London to Lagos, 7s. 1d., as compared with France to Cutanu, 1s. 7½d.?—Yes.

3290. What is the object of that comparison?—I think I show from the rest of the sentence. I do not lay any great stress on it, because, as I said in my memorandum, I do not consider geographical distance at all a complete guide for fair rates; but I have mentioned this as giving a clue to what a Government can obtain from a subsidised cable if it chooses to impose conditions.

3291. If you compare a rate of that sort you must not leave out of account the fact that one cable is subsidised and the other is not?—The African Direct Telegraph Company, which goes to Lagos and Accra, is very distinctly subsidised.

3292. To the same extent?—Both companies are rather largely subsidised.

3293. All I want to point out to you is this—you may make any explanation or comment upon it you like—that it is not sufficient to tell the Committee that the rate from one point to another is 1s. 7½d. and the rate to another point is 7s. 1d., and compare them, if you do not take into account the whole expense of the cable, and whether it is a Government concern or subsidised, and everything else given that is important?—That is so.†

3294. In the next instance, you compare London to Egypt, 1s. 9d., with France to Tunis at one halfpenny?—Yes.

3295. Is that a fair comparison without taking a number of other considerations into account?—I do not think I lay very great stress upon this point.

3296. What is the object of the comparison?—My object in giving these rates was to make the comparison for what it was worth without professing to give all the details. It should be read subject to my previous statement that I do not think geographical distance is a matter which can regulate tariff. At the same time the tariffs of other countries may in some instances form some sort of guide.

3297. But now, is it not the case—you say so, and I understand it to be right—that the cables from France to Tunis are really Government-owned cables?—That is so.

3298. And worked at a great loss to the Government?—Yes.‡

3299. The cable from here to Egypt is not a Government cable, and is not worked at a loss to the Government?—My firm impression is that in my *précis*, whilst giving these tariffs, I gave the explanation in the footnote that the French cables were Government owned.

\* The rate from London to Vladivostock is 1s. 3d. The comparison should therefore have been between 1s. 3d. and 5s. 6d., instead of between 9d. and 5s. 6d. The main argument, however, holds good.—C. B.

† The African Direct Telegraph Company has a subsidy from Great Britain for six stations of £19,000 a year for twenty years. The West African Telegraph Company, which carries the messages from France to Cutanu has a subsidy from France for four stations of £12,000 a year for twenty-three years. The total length of the cables is in each case about 2,000 miles. The two subsidies may, therefore, be regarded as practically equal. France, however, unlike Great Britain, stipulated when giving her subsidy for a low maximum rate.—C. B.

‡ This answer was given in error. The cable is not now worked at a loss.—C. B.

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*Mr. Charles Bright, F.R.S.E.* 3300. If that is so, what is the use of the calculation as showing us the cost of telegraphing unless we know the loss to the Government and the whole subsidy, and the whole of the circumstances?—I think you are right.

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3301. Then you also tell us—an important point—that when the Atlantic competition first began the rate was lowered to 6d., but was subsequently raised to 1s. 1—Yes.

3302. The trial at 6d. only lasted eighteen months, and while during that period the number of messages was more than double, that would not suffice in itself to be remunerative, because if you halve a rate the number of messages must be more than double to make up for the increased cost of working; that is so, is it not?—Yes.

3303. And that would be a fair matter to take into account in any sliding scale or other similar agreement which a Government might make with a cable company?—That is so.

3304. While the capital expenditure—the working expenditure—would be larger according to the proportion of the number of messages?—Quite so. I also mention that Atlantic rate to show what effect competition really does have as an important element in the question of rates.

3305. Do you suggest that there should be absolutely free competition between anyone who chooses to lay a telegraph from one place to another—is that your view?—I should not like to put it in that way. But I think that if the companies had worked their lines differently they would have had a greater claim to be protected from competition than they have at present.

3306. What is your idea as to the proper policy for submarine telegraphy, bearing in mind the experience that we have got? Do you look for reform in the direction of free competition of Government-owned or subsidised cables or of a sliding scale arrangement, whereby on earning a certain amount of dividend and a reserve fund rates are to be reduced?—I should be inclined to favour either subsidised cables subject to proper conditions, or in many instances a guarantee of traffic revenue at given rates. I think that would often have been the best arrangement instead of large subsidies.

3307. Speaking generally, you look to a partnership between companies and Governments rather than to any other means of getting a reasonable rate?—Yes, I think that in the case of any other individuals happening to need Government support, they should be given that support. I do not think that the existing companies can claim that they should alone receive support from the Government—I do not say that they do. But I certainly think as regards cables touching on foreign territory that the Government would have much greater difficulties in working those cables if they were Government cables. My opinion is that in that case we should find a difficulty in having English clerks in foreign countries to work the cables. I think that the companies act somewhat in the position of diplomats.

3308. In other words, the companies have been able to do things and get privileges and carry on work which a Government as a Government could not carry on with the same amount of success?—Quite so. At the same time, I do not think we should say that we must not lay strategical cables for fear of setting our European neighbours against us, because they have already quite definitely determined upon a similar course.

3309. You would draw a distinction between a strategical and a commercial cable? Because a strategical cable might be used for a commercial purpose. A strategical cable might be used for commercial purposes, of which rivalry the commercial company might complain. Take the Pacific Cable as an example?—I think the Pacific Cable is a pattern strategical cable. I do not think—though I am aware that the companies have expressed the matter differently—that a cable going on trade routes is the best strategical cable. I think, on the contrary, the best strategical cable is a cable which as often as not goes right away from trade routes.

3310. That is rather a different point from the one I was endeavouring to put to you. My suggestion was that, taking the Pacific Cable as an example, assuming that it is an all-British or Imperial cable, or laid for strategical purposes, it is still clearly in the ideas of

its promoters that it should be also used for commercial purposes?—Yes.

3311. And that being so, it has the potential power of competing with purely commercial enterprise?—I do not think that the companies can claim what I am disposed to call protection in the matter. They, on the contrary, in Australia claim what I should call free trade in regard to direct dealing with the public.

3312. What do you mean by protection? Do you mean protection against other commercial companies or protection against a Government which need not care whether it loses money or not?—I certainly do not think that they can claim protection against other companies.

3313. I do not think that anybody would advocate that they should. But take the other point I am putting, a point purely for information, and not as an expression of my own view; do you not think that there is a difference in abstract justice between being exposed to commercial competition with people who must make their money or lose it, and competition with a Government which need not care so much whether it makes a profit or not?—I quite admit the force of that argument. At the same time I say again, my own opinion is that the companies have not really been of such good service to the country as I believe you are ready to think that they have been.

3314. I express no opinion. I only endeavour to get your views. You think, I understand, that it is one of the duties of Government in any arrangement that they make, to guard against amalgamations, pools, and joint-purse arrangements?—Certainly.

3315. What is the lever which you think that Government has to prevent such transactions?—I think that a clause to that effect, where subsidies are granted at any rate, should be inserted.

3316. Clearly there would be that power?—But there never has been such a clause so far, I believe.

3317. You think that the power of withholding landing rights should be used to prevent that result as well?—I certainly think sole landing rights should be avoided if possible.

3318. You would be against exclusive landing rights under any circumstances?—I should as a matter of fact.

3319. Do you suggest that in granting landing rights an attempt should be made to get a bargain either for a right of pre-emption or for taking over a cable at stated times at a valuation?—I think most certainly that wherever the Government is in a position to make conditions, one of the first conditions to be made is the right of taking over a cable at a definite period. I think by that means a much better service would be secured to the public.

3320. But then do you or do you not look to an epoch of State-owned cables? Would you say that you think that a Government should take power to take over a given cable at a valuation, and after they have taken it over that it should remain the property of the Government and be owned and worked by them?—No, I merely suggest that as a safety clause.

3321. But if you do not mean to take over a cable and do not think it a good policy, and the companies know that, it is not much use putting it into the concession, is it?—Why should the companies know it?

3322. I want to know whether it is your policy. I understood you a moment ago to express an opinion adverse to State-owned cables and rather in favour of company-owned cables?—I am, if possible—partly as a matter of principle.

3323. But then, if that is so, the taking over of a cable at a valuation, and the exercising of such a right, pre-supposes that the Government is to own and work it in the future, does it not?—Personally I cannot see any objection to a clause that claims a right of taking over a cable at an expert's valuation, even though the Government may not have—at any rate, at the moment—any particular view in favour of State-owned cables.

3324. You now put it more mildly, that you do not see any objection to it, but do you see any positive advantage in it?—I think I do. My impression is that the companies are afraid of competing with the Government. I think the effect of that clause would be to make that a possibility, whereas hitherto they have not thought it so. That is all.

3325. (Lord Hardwicke.) You referred just now to

companies that have been subsidised entering into joint-purse arrangements and pools?—Yes.

3326. Can you give me an instance?—All the Atlantic companies, with the exception of the Commercial Cable Company, are worked by a pool system.

3327. Are they all subsidised by the Government?—I am afraid I cannot give you information as regards that.\* A better instance would be the Eastern group of Associated Companies.

3328. The Eastern Companies?—Yes.

3329. But as far as I know there is no pool or joint-purse, with the exception of the joint-purse to India, and there there is no subsidy?—No, that is so.

3330. I gathered from your answers to the Chairman that it is a common practice for Government to subsidise companies, and then for the companies to enter into a joint-purse or pool that was not to the advantage of the public; but as far as I am aware the instances are very few?—A number of companies that obtained concessions from Government in the early days of submarine telegraphy did afterwards amalgamate, some of them under the name of the Eastern Telegraph Company, and some of them under the name of the Eastern Extension and China and Australasian Telegraph Company. That is rather a matter of ancient history; it was about the year 1870.

3331. You said that the strategical cable should not be laid on a commercial route?—I certainly consider that a strategical cable is better away from a commercial route, if such a route is in shallow water and in the neighbourhood of foreign territory.

3332. Is not it possible that if you have a cable laid purposely for strategical purposes where probably there is no trade communication passing over the line to any extent, that all foreign Powers would know of this cable laid for these particular strategical purposes, and would in time of war probably cut it?—They would probably know that anyhow; if in deep water, this knowledge on their part would be less serious for us.

3333. But if it were laid on the trade route there would be other competing lines?—Would not they know all about it anyhow, even when on a trade route, if it were laid mainly for strategical purposes?

3334. If you have got a trade route communication with India—three or four different cables—one by the Cape and Keeling cable, and Australia and Singapore, and another by Suez and Ceylon, they would be all useful strategically and commercially?—Yes, certainly.

3335. One or two of these might be cut, and still you would have the others in the event of war, but I understand your view to be, if you want a strategical cable, that it ought to be laid on a route where there is no commercial advantage to be gained at all. I want to understand what is the particular object of that theory, for I do not understand it?—My point is that trade routes in the neighbourhood of foreign countries are objectionable. I think that the best strategical cable is in the open broad ocean, where there really is some fair chance of having a cable laid not only in deep water but on a route which could be kept secret. It is no easy matter for a man of war to even get hold of a cable for purposes of cutting. To give colour to my argument I should be glad to read one or two short sentences from a paper of Captain Squier, of the United States Navy, with regard to the recent Spanish-American War, in which he was prominently engaged. He recommended that the American Navy should go in for a naval cable ship equipped with engineers and electricians who have had experience in connection with deep-sea cables. Now, that is the result of his experience.

3336. For the purpose of cutting cables in the event of war?—Yes.

3337. (Chairman.) Will you kindly read the sentences now?—The paper I refer to was recently read before the American Naval Institute. I only received it from Captain Squier a few days ago. The following are some of his rather pregnant sentences, taken somewhat at random: "The story of the Spanish-American War is largely a story of 'coal and cables.' The nation with exclusively controlled submarine communications, not possessed by an adversary, has an organised service of surveillance, which is not only important during actual

\* The Anglo-American Telegraph Company has been given exclusive rights in Newfoundland. The only actually subsidised Atlantic line is that of the French Company by their Government at £36,000 a year.—C. B.

war, but which may and will prove a powerful weapon in the diplomatic and preparatory conflict which always precedes a declaration of war, and these communications are a means of securing a first real victory, even before war has been formally declared. It may be said, therefore, that the very foundation of successful naval strategy is efficient and exclusively controlled communications, and the lack of them more serious than inferiority in ships. It appears that the searching for deep sea cables in the high seas in time of war, without an accurate chart of the location of the cables, is a difficult and very doubtful operation. She must carry a moderate supply of spare cable and machinery for laying and picking up cable, as well as instruments for testing and operating a cable, and the necessary buoys suitable, if necessary, for buoying the cable and operating the ship as a floating cable station. It is unnecessary to state that her personnel must be specially trained in the highly technical duties required, and from actual practice in all the operations necessary, be made ready for the performance of their duties efficiently under the conditions of war. It may be said at present that no modern fleet is complete without a cable ship especially adapted for cable operations in time of war. In this connection it would seem advisable in case of Government cables, or in cables subsidised by the Government, to keep the exact route of important cables a secret, and prevent the publication of maps for general distribution, showing the exact location of cables in the deep sea. The locations of the shore ends, however, are certain to be known, and probably will be the points where the cable must be picked up and interrupted. This forces upon us, therefore, adequate land and naval protection for the landing places of all important strategic cables. A cable landing of the future should partake of the character of a fort, and be provided with ample and adequate means for preventing an enemy locating and destroying the cable, within the marine league, or, indeed, until it has reached deep sea, where its accurate location is not known." This is the experience of Captain Squier after the Spanish-American War, and it seems to me to be rather significant.

3338. As a matter of fact, communication was never really interfered with in the American-Cuban war?—Oh, yes; they cut several cables, though they purposely kept one cable intact between Havana and Key West to induce the Spaniards to send messages which they deciphered.

3339. I should be sorry to pit my impression against yours, but I think we have had in evidence before our Committee that the cable-cutting was not entirely successful?—Not entirely.

3340. For some of the cables which were lifted were disused cables, and it was not at all certain whether the cable that had been lifted and cut was really the cable of communication. The impression certainly left on my mind by previous evidence, but I will read it again, is that as a matter of fact the communication was not wholly interrupted by all the efforts of the Americans?—The communication was not wholly interrupted, partly for the reason that I have just stated and partly for the reason that they could not pick up certain deep-sea cables off the coast of Cuba. Some of the Cuba Submarine Company's cables on the coast of Cuba they could not pick up. They tried to, off Santiago—where it was not only very deep water but very rough—and they were unsuccessful. But that only goes to prove my point that cable cutting in deep water is not such a simple matter as some seem to suggest.

3341. That goes without saying. Before Lord Hardwicke questioned you, you made just an allusion to the policy which other countries were pursuing as to putting down competing cables. Did you in that refer to this statement of French cable projects which you put in?—I did partly.

3342. Do you refer to any others?—To Germany, and very probably the United States.

3343. What are the facts about Germany that you wish to put before us?—I cannot say that I know with certainty the exact lines that they are going to lay, but I think I know certainly that the German factory which was started about two years ago was started with a very definite understanding of support from the German Government.

3344. Yes; but for what purpose?—For the manufacture of submarine cables to go wherever Germany happens to want them. I am afraid I cannot tell you where they propose laying cables, but I believe they have the same ideas that France has on this subject.

Mr. Charles  
Bright,  
F.R.S.E.

20 June 1901.

Mr. Charles  
Bright,  
F.R.S.E.  
BNC A  
20 June 1901.

3345. What in your opinion is the idea that France has set before her?—Cables touching only on French territory, and to avoid London as the centre of cable communication.

3346. How far has that been a practical and not a theoretical policy?—That I cannot say.

3347. I mean how far has it been seriously carried out? You have given here, as I understand, a list of what you conceive to be French cable projects, and these amount to a cost of 5½ millions, and the length of them is nearly twenty thousand nautical miles. How far is this a thing which is being actually carried out, or a thing only being talked about?—The first part has passed the French Senate, as I understand; the other part is merely a scheme of a number of independent French legislators.

3348. Is it practical? Do you put it forward as a thing to take serious notice of?—I only put that in to further show that we can cast aside the argument against laying all-British cables for fear of setting our European neighbours against us; I believe that is an argument which has been brought forward.

3349. Only to demolish that argument?—Yes.

3350. You do not suggest to us that the French Government are going to spend 5½ millions upon this sort of enterprise?—I believe I am correct in saying that has actually been determined upon by the French Chamber as a Government scheme.

3351. Have the contracts been offered?—That I am afraid I cannot say.

3352. When was it determined upon?—At the end of last year.

3353. Do you mean by law or resolution of the Chambers, or determined upon by whom?—A resolution of the Chambers, I think. I think I could find out when the cable was actually being made.

3354. I think it would be desirable. I shall have this paper printed.\* If you would supplement it with any more definite information you have as to its being something more than a theory we should like to have it?—Quite so.†

3355. (Sir John Ardagh.) Are you in favour of the Government proprietorship of cables?—I am not in favour of Government proprietorship in the case of International lines if the cable companies will agree to conditions that the Government may make in the future.

3356. Then that means that, on the other hand, you are not prepared to support unlimited combinations of private cable companies for submarine purposes?—Unlimited?

3357. Unlimited combinations?—No.

3358. You think that if private companies are accepted as being the proper mode of carrying out submarine combinations and Government proprietorship is excluded that the private companies ought to be under a reasonable control of Government?—That is precisely my view.

3359. Have you formed yourself any idea of what that reasonable control should consist of?—I made a number of recommendations in my memorandum. For instance, I say there, "In the future, now that the pioneer stage in submarine telegraphy has ceased for many years, it appears to me abundantly clear that the Government are not only perfectly entitled morally, but that it is also their duty to protect the interests of the public by putting a limit on the rates to be charged by telegraph companies when the latter seek concessions from the said Government.

3360. How is the control of Government to be exercised over the telegraph company?—I consider that the Government should in the public interest guard against subsequent financial amalgamations, absorptions, or joint purses; besides providing for taking over any given cable (at an expert's valuation) at any time if found desirable.

\* See Appendix VII.

† A Commission was appointed in 1890 by the French Government to consider the question of establishing telegraphic communication between France and her Colonies. The Commission reported in favour of a scheme involving a total expenditure of five millions and a quarter. This report has been embodied in a Government Bill, and has been presented as such to the French legislature.—C. B.

3361. How can they do that. What power has the Government to bring in on its side in order to enforce its views and impress them upon the private telegraph companies?—The private telegraph companies if they seek subsidies, or even if they seek a guarantee—

3362. Well, subsidies and a guarantee. But a vast number of the private telegraph companies have neither subsidies nor a guarantee?—The amalgamated companies have certainly had very considerable subsidies.

3363. I admit that. But on the other hand there are a great many private cables which have no guarantee whatever, and no subsidy. Take all the Atlantic Companies for instance?—Where nothing has been asked I must admit I cannot see we have any particular right to impose any particular conditions, or at any rate not the same conditions. However, landing rights have always to be sought.

3364. Do you consider that free trade in landing rights is desirable?—I do, subject to conditions.

3365. Would you give everybody a right to land everywhere?—No.

3366. Or would you confine it to British subjects and companies?—I would endeavour to confine it to British subjects and companies, and I would not even grant it to them unless it was seen that business was likely to accrue.

3367. Do you conceive that there is any advantage in making England the centre of telegraphic communications?—That has been done already, but it appears to me to be obvious that other countries have already realised that that is not a thing that suits them. So that although we might have an idea of fostering such a notion, and that therefore it would be undesirable to interfere with present arrangements it seems to me to be clear that other countries are going to take steps to put an end to the existing state of affairs, and that London will therefore no longer be the centre of telegraphic communication.

3368. I was speaking of a particular point as to whether it is desirable or not to accord landing rights to foreign cables—to non-British cables?—I do not quite follow.

3369. What I understood you to say was that you were in favour of a free grant of landing rights to all British cables—am I correct in saying that?—Yes.

3370. But that you would restrict the landing rights in the case of foreign cables?—Certainly.

3371. Which would naturally have the effect of detracting from the probability of foreign cables concentrating on English shores; you turn them away; you would say, "We will not have you"?—I am afraid I ought not to have said "Certainly" in the last answer. I do not think that we can say that we must not under any conditions have foreign cables landing on our territory.

3372. What conditions would you propose to impose upon the respective British and foreign Cable Companies for landing rights?—I am afraid that I have not contemplated the idea of foreign cables landing on our territory. The thing has never been done. If you mean a foreign cable company landing on foreign territory, and also landing on our territory—

3373. Surely there are foreign State cables?—It has been always an English company that has promoted them.

3374. I think not. Take the German Company, which has a cable from Emden to the West of Ireland: that is entirely German; it is not English at all. What sort of terms would you like to impose upon them?—I am afraid I have not considered the subject. The cable was made in this country, and I am afraid that I had really forgotten that it belonged to a German Company.

3375. You say you would like to lay strategical cables entirely out of the ordinary commercial routes. Now could you give an instance of that. If you look at the map on the other side of the room you will see most of the big cable routes in the world. Take the Mediterranean, for instance, what would you do there?—The Mediterranean, I think, is a very unsuitable water for a strategical cable.

3376. Very well then, we go out of the Mediterranean. Now take the United Kingdom—Atlantic lines, what would you do there with all the lines which go to Nova Scotia and Newfoundland, and New Bruns-



wick, and Maine, and so on?—My point is that most of the trade routes are very fully equipped with telegraph lines; that the lines which Government should go in for supporting or promoting in the future should rather be lines that are useful for strategic purposes.

3377. Exactly. I quite understand that. But what I ask you to do is to present to us instances of specific cases where you would apply that principle?—I have put in a list of cases in my memorandum with very full data concerning them.\*

3378. What is it that you desire us to understand?—My only point as regards trade routes is that trade routes are not as a rule in the open broad ocean; and I think that the open broad ocean with long sections of cable (which are liable to be non-paying cables partly in virtue of these long sections) would lend itself better to strategic cables.

3379. I will ask you about a specific route, a cable from England to the Cape *via* Madeira and Cape Verd, Ascension, and St. Helena. Two of those are Portuguese. It might have been laid, and it was proposed to have been laid, and if the Admiralty had had their wish it would have been laid *via* Gibraltar and Sierra Leone. Now, from Gibraltar to Sierra Leone is a considerable distance, and it is certainly not a trade route?—No.

3380. Do you see any practical difficulty with regard to the quality of cable and the rapidity of transmission in having a cable from Gibraltar to Sierra Leone. I forget the distance, but it is close upon three thousand knots?—I think the main objection to such a cable is that strategically near Gibraltar it would not be a good cable.

3381. From what point of view?—It would be almost bound to be in quite shallow water.

3382. Near Gibraltar?—Yes, approaching the Straits.

3383. Oh dear no; it is very deep?—I do not know to what depth you refer.

3384. Well, I suppose 300 fathoms?—There is 300 fathoms, but there is also very shallow water.

3385. Of course wherever you land it must be shallow water?—But it would be very difficult to make sure that you might not have something like 50 fathoms, or even materially less, and surely you will agree with me that there is a great deal of rock outside the Straits.

3386. You are speaking of the neighbourhood of Gibraltar?—Yes.†

3387. Personally I do not think that that is a practical difficulty, because the same thing applies to any of the other landing places—you must pass through shallow water?—Well, I have recommended that as one additional line. I have said, and I think still, that a cable should be laid from Sierra Leone or Bathurst to Gibraltar.

3388. The opinion that I should like to have from you as a competent technical authority would be what

\* Not printed. See Report, pp. 16-18.

† The cables which now land at Gibraltar are laid for a considerable distance in about ten fathoms, because owing to the strong current and consequent shifting bottom it is impossible to maintain them in the deep water. All cables landing at Gibraltar must always be at the further disadvantage strategically of being between and in close proximity to two foreign shores.—C. B.

difference of rate of transmission there would be on a long line of the sort compared with a similar length broken up into sections like the Madeira-Cape de Verd route?—With a cable at a given cost?

3389. The rate of transmission?—With a cable at a given cost—it is purely a question of cost.

3390. With similar cables, or the alternative would be what would be the cost of a cable to transmit at the same rate?—I am afraid it is very difficult to make a statement with regard to that off-hand. Personally, I cannot even remember off-hand the distance from St. Vincent to Madeira, and from Madeira to Porthcurno. Madeira to Porthcurno is, of course, also a very long section.

3391. That is important. Perhaps you might be able to give us a general rule for the calculation of the rate of transmission of similar cables for variable distances?—I could send in a table with complete information on the subject. I can give you the formula now, or I can send in a table with full information. I did have, as a matter of fact, a table that I referred to in the *précis* of my evidence, but I did not send it in.‡

3392. (Chairman.) Have you any other point to put before us?—I would like to add that my impression is that if the rates to telegraphically hopeful spots were reduced—in some cases still further—the revenue of the companies concerned would be increased rather than reduced. I think that a system of reduced rates for above a certain number of words might, with advantage, be made applicable to cable telegraphy. This encouragement to business cablegrams covering more ground should be rendered possible—and would be a useful adjunct all round to lower tariffs—if further alternative lines are to be laid. Another useful reform would, I think, be the adoption of a system of “deferred messages” at special and reduced rates. My general view is that the greater variety of routes for communication between given important points the better. The companies very naturally paid first attention to the trade routes as giving the best prospects of revenue; but I do not consider these the best routes strategically wherever the cable passes through shallow water in the vicinity of foreign territory. With regard to the question of State absorption or future ownership, I should like to say that I consider that the greater difficulty which companies are bound to experience in meeting public requirements (on account of the existence of shareholders’ claims), is practically met wherever a wholesome competition is encouraged instead of being rendered impossible. Whilst private enterprise is, on the whole, probably better able to undertake and work International Cables, all-British strategic lines should be under very definite Government surveillance, either direct or through a subsidized company acting as their agent. In my opinion these are the only class of cables the Government should consider; and it is just a question whether they had not better take them in hand themselves—certainly if there is any difficulty in getting them undertaken by the companies in accordance with proper conditions to the nation’s benefit, strategically, politically, and socially. I consider that the Government should look upon “all-British” lines—connecting up the entire Empire—as a necessary policy of the age, at almost all hazards.

‡ The formula for the working speed of a cable is that it varies inversely as the product of the total resistance and electro-static capacity, which together form the Retardation. Therefore with similar cables their working speed will vary inversely as the square of the length.—C. B.

Mr. Charles  
Bright,  
F.R.S.E.

20 June 1901.

## FIFTEENTH DAY.

Thursday, 25th July, 1901.

## PRESENT:

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*).The EARL OF ONSLOW, G.C.M.G.  
Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.

Rear-Admiral R. N. CUSTANCE, R.N.

J. H. LINDSAY, Esq., *Assistant Secretary*.

Mr. W. H. MERCER, called; and Examined.

Mr. W. H. Mercer. 3393. (*Chairman*.) I know that you are one of the Crown Agents for the Colonies?—Yes.

3394. You were previously in the Colonial Office, were you not, and served as secretary to the Pacific Cable Committees of 1896 and 1900?—Yes.

3395. And now you are a member of the Pacific Cable Board, a permanent body in which that line is vested?—Yes.

3396. You would, of course, describe the Pacific cable as a State-owned cable?—Yes.

3397. As a matter of working and profit, have you anything to say as to the chances of the Pacific cable against commercial cables?—It is thought that it would pay its way after a few years, but not immediately.

3398. But there is no purpose, is there, in going into the financial figures and calculations on which that is made up?—I am not aware that it would serve your purpose. Of course, I am prepared with the figures in case I am called upon to give them.

3399. Would I be right in saying that the primary object of the cable was commercial, namely, to secure a reduction of rates?—It is.

3400. From 4s. 9d. to 3s.?—3s. is the rate which was advocated at several telegraph congresses in Australia. Whether it will be possible to go down to so low a figure as that is another point—not certainly at first.

3401. But in its other aspect it is really an alternative line to those now existing, and one which does not share the same dangers, either military or engineering?—That is so. The commercial object was the first aimed at, but incidentally the line certainly has this advantage, that it follows a route which is a true alternative to that of the Eastern Telegraph Company's, and, therefore, has a substantial advantage strategically.

3402. And it is a considerable distance from foreign naval bases on a track not likely to be visited by hostile vessels?—That is so, and for the greater part it lies in deep waters, and therefore the difficulty of bringing it to the surface or cutting it would be considerable.

3403. Now, having regard to its position in the world, would I be wrong in saying that it is to a large extent unique, and that there is no other scheme which you ever heard suggested which presents features similar in all respects?—Well, it is quite unique in this sense, that as a State-owned cable it is owned by three partners. There are, of course, a few submarine cables which belong to Governments, those, for instance, in the English Channel, but I believe there is no ocean submarine cable which belongs to any Government, and certainly the Pacific cable is unique in this sense, that there are three partners to it—this country, Australasia, and Canada.

3404. You would draw a distinction, would you not, between cables which could be described as commercial cables and those which are mainly strategical?—Certainly.

3405. You would, I suppose, trust to cables which would pay their way commercially being laid as soon as commercial people became convinced that they could make money from them?—Yes, there has been no lack of enterprise in laying telegraphic cables for commercial purposes in the past. Speaking generally, the cables have paid well, and I do not think that one can say that there is any great lack of telegraphic facilities anywhere in the British Empire.

3406. When you come to consider the case of any

particular strategical cable, I suppose the consideration which would be uppermost in your mind would be this, would it not, whether the cost at which it could be made was a reasonable cost compared with the strategical advantages involved?—Quite so.

3407. Taking that as your starting point, have you any suggestions to make to us as to the lines which should with advantage be laid?—Yes. There is the proposed line from Jamaica to St. Lucia. At present all telegrams beyond Jamaica to our West Indian possessions have to pass, whether by the northern or by the southern route, through foreign possessions. Not only is this an objectionable element from a strategical point of view, but it also from a commercial point of view increases the cost, and tends to cause delay and inaccuracies.

3408. That is a scheme which has been before the Colonial Defence Committee, and strongly recommended by that body?—Yes, and by the military authorities; and the Colonial Office, I may put it, takes a friendly interest in the matter.

3409. Is there any other scheme?—I think I might add to the St. Lucia question that St. Lucia is the most western coaling station we have, and that the cost of constructing the cable between Jamaica and St. Lucia direct has been put at £140,000. The second line which might with advantage be made would be the continuation of the land line from the north of the Federated Malay States to the Indian land lines in the Burmese territory. That is a distance of about 400 miles, and in the event of war and the cutting of our cables across the Bay of Bengal that communication would no doubt be of enormous value.

3410. Now, we have had two views about that line put before us, one by Mr. Pitman, late Director-in-Chief of Telegraphs in India, who sent a memorandum for the use of the Committee, in which he deprecates the construction of this line owing to the great physical difficulties that would be involved. Have you any comment to make upon that?—I am not aware whether the country has ever been surveyed. Of course, there is the usual difficulty of clearance through a tropical forest in parts, and there is the inevitable white ant. We have had a good deal of experience of that in the land lines being constructed in West Africa, which makes it necessary to import iron poles, so that the expense of such a land line would be no doubt rather high.

3411. It would be a costly line?—Well, it should be done for less than £100 a mile, iron poles included.

3412. To what line do you suggest it would be an alternative line?—It would be an alternative line in case the submarine cables across the Bay of Bengal were cut. If they were cut in time of war, or otherwise, our communication with the East would be almost cut off, if not entirely. But if there was a communication from the Malay States to Burmah then our messages reaching India would be carried over the Indian land lines to our Eastern possessions.

3413. With regard to the Pacific cable, has the contract been actually let?—The contract for the construction and laying of the lines has been let.

3414. And how far short of the total capital of the cable is the contract price?—The contract price is £1,796,000. The total capital required, of course, would be something more than that. The principal other provision would be for repairing ships, but no total has been actually fixed.

3415. No total has been fixed?—No.



3416. Are you satisfied about the financial position of the enterprise?—I have no doubt that for, say, four years to come there will be a deficit every year. It is quite clear upon present figures that there must be that deficit. How long it will take to clear it off and convert it into a surplus depends upon the increase of traffic. We rely upon an increase of traffic caused by the reduction of the rate, and also upon a considerable increase of the traffic between America, including Canada, and Australia.

3417. How will the deficit be provided for?—It will be provided for by the contributing Governments; that is to say the Imperial Government, the Canadian, and certain of the Australian Governments, have guaranteed one another to contribute in certain proportions to make up the yearly deficit.

3418. (*Lord Onslow.*) You said certain Governments would contribute?—They will not all contribute. For instance South and West Australia do not contribute; of course, they are rather directly interested in the lines of the Eastern Telegraph Companies.

3419. (*Chairman.*) Primarily the cable was started in competition with the Eastern Companies with the object of reducing rates, was it not?—Undoubtedly it was meant to be a competitive line with the Eastern companies with the object of reducing rates.

3420. Has the project already had an effect upon the rates of the Eastern Company?—I think we may fairly say that it has. As a matter of fact the Eastern Telegraph Company made an arrangement with the Australian Governments, under which the rate has fallen from 4s. 9d. on ordinary messages to 3s. 6d., and I think there can be no doubt that that agreement involving that reduction was the direct consequence of the Pacific cable scheme.

3421. Well now, I will ask you this question: Do you like the idea of a Government competing by means of a cable of its own with private companies from point to point?—I do not like the idea, speaking generally, and I think that taking any individual case that comes forward there ought to be very strong argument in favour of it to induce any Government to take it up.

3422. Do not you think in other words if one Government begins a sort of war for promoting cables that other Governments will retaliate, and those Governments with the deepest purse, and those who are prepared to spend the most money, will undoubtedly gain the victory?—Undoubtedly foreign Governments will retaliate, and they have already begun to do so. The United States Senate has passed a Bill subsidising a cable from San Francisco to Honolulu, and thence to the Philippines.

3423. Would you agree with me if I were to suggest to you that the better attitude for the Government to take in regard to private enterprise of this kind is to endeavour to go into partnership, or to gain a control so to speak against excessive rates, but not to undercut and compete?—I think that is the proper principle wherever such an agreement can be made.

3424. You would apply that to new enterprises I suppose in the first instance, when it would be comparatively simple?—Yes. If you can secure all the advantages of an agreement of that kind that you could by laying your own competitive line, I think it much preferable to do so.

3425. I suppose there would be a difficulty in being sure of being able to apply that principle in the case of old-established companies?—Yes, there would be difficulties. For instance if you had an agreement of the kind that you contemplate I presume that that would mean in the majority of cases that you would utilise the existing lines, that you would not construct new lines, but would subsidise, or in some other way help the cable that was carrying on the enterprise, just as we subsidise the West India lines.

3426. Except on some such arrangement as that, and taking your mind back to what we described a few moments ago as a commercial cable, you would agree with me that practically the only lever in the hands of Government is the question of landing rights?—Yes; the only way they have of getting a promise of a tariff from a company is by making it a condition of the grant of landing rights.

3427. But rather than accept the position of implied antagonism which such a line of policy does seem to imply, you would like to see a partnership between private enterprise and the Government regulated by Government control?—Certainly.

3428. In return for control and concessions as to the maximum rate of interest and maximum tariff, would you like to enter upon a policy of guaranteeing a certain minimum traffic notwithstanding a reduction of rate asked for by the Government?—Yes, if you could establish any case of a probable increase of traffic and a reduction of rate.

3429. You would prefer that to a subsidy, would you not?—I should prefer it to a subsidy, certainly, if it could be managed.

3430. On the whole do you think it a better policy for Governments than to lay cables of their own?—I think it is a better policy provided you have the occasion, but I am not aware, for instance, of any case in which it would be wise for this Government, we will say, to give a subsidy or a guarantee on the expectation of an increase of traffic.

3431. Of course you would at once agree to this question: That it is desirable that communication by telegraph should be as cheap and as rapid as is attainable between the United Kingdom and the colonies?—Certainly.

3432. If the matter is left in the hands of a private company they will in the first place only take the most profitable places?—Quite so.

3433. And if unrestricted altogether they will make the maximum profit even if it be 10, 15, or a larger percentage upon the capital?—Yes.

3434. Is it not desirable to limit the amount of interest which shall be paid, or only to allow a high rate of interest to be paid in return for the reduction of tariff?—I presume you could only limit the interest in the case of future rights.

3435. Take that in the first place. I am putting purely an abstract question?—Yes; I do not see how you could legitimately make it a condition binding upon a private company that their profits should not exceed a certain rate of interest, unless you made that a condition at the outset.

3436. Quite so, or by mutual consent afterwards?—Quite so.

3437. Looking at it from an abstract point of view, if that is agreed to, do you not think that in cases where the profit is less certain it might not be proper for the Government to guarantee a minimum—a very low minimum—rate of interest which would secure that the cable would be made, at the same time saying, if we guarantee this minimum you should never go beyond a fixed maximum?—Yes.

3438. Have you thought of that as a positive policy?—I have not thought of it, because no such case has come before me. I am not aware, for instance, that the Treasury would ever contemplate helping private enterprise in that way.

3439. Does the suggestion present any inducement to your mind?—I have no doubt that in some cases such an arrangement would be satisfactory.

3440. You would not carry it further than that?—No, I have not any particular case in my mind at the present moment.

3441. (*Lord Onslow.*) The Pacific cable is somewhat in the nature of an experiment in cable construction, is it not, being the first State-owned cable?—It is.

3442. What was the principal object that the promoters had in view?—The primary object was the reduction of rates.

3443. And then?—It was also thought that the route presented a substantial strategical value.

3444. That of being all-British?—Yes. And, thirdly, perhaps not least, it had the sentimental and also practical advantage of binding together the three great possessions—this country, Canada, and Australasia.

3445. As far as the reduction of rates is concerned, has that been achieved in any measure?—As I have already remarked—the reduction of rates has already taken place. The Eastern Companies have reduced their rate per word from 4s. 9d. to 3s. 6d., and that, as I contended, was a logical result of the Pacific cable scheme.

3446. What took place was achieved before the cable was laid?—It is achieved, of course, before the cable is laid, but after the project had become matured.

3447. A few questions generally as to the complaints which we have heard of high charges for communication between England and the Colonies—have you had

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any complaints?—The Colonial Office is constantly being approached with complaints from almost all parts of the world. Of course the most serious cases have been met by recent cables; they were the cases of Australasia and the Cape, in both cases reductions have been made on the sliding-scale principle. We have also received complaints from other dependencies, and in particular from the Eastern Colonies, and the West Indian Colonies.

3448. What I wanted to know was this: This Committee was appointed, as you know, some time ago; have these reductions taken place since the time when this Committee was first appointed?—I believe so.

3449. What parts of the British Empire are those which are absolutely without telegraphic communication—is British Honduras one?—British Honduras is absolutely without telegraphic communication, so far as submarine cables are concerned. There is a land system which passes at the back of British Honduras, which is used to some extent, that is to say, messages are delivered up to a certain point of the interior, and can be then taken by hand into British Honduras, but there is no direct telegraphic communication.

3450. Are there any islands in the West Indies without telegraphic communication?—Some of the smaller islands are without telegraphic communication, but I think you may say with regard to the West Indies, with the exception of British Honduras, that the facilities are fairly good. The complaint of course is that the rates are high, and that the delays are considerable.

3451. Naturally every colony wants to see its telegraphic communication as cheap as possible?—Yes.

3452. But do you think there is any substantial grievance at the present time in regard to any particular colony?—I think the rates to the West Indian Colonies are unduly high, considering the subsidies which are paid to the two companies.

3453. What is the position with regard to communication with Canada—is the Canadian rate fairly satisfactory?—Yes, I think so.

3454. And there is plenty of facility for communication, is there not?—Oh, yes.

3455. It has been suggested to the Committee that a sliding scale might be adopted by all cable companies?—Yes.

3456. Do you think that would be an advantage?—It would be if the sliding scale took effect. Of course, it might not be anything of the kind. The idea of the sliding scale is that when the traffic reaches a certain fixed proportion, for, we will say, three years, that then the rate should be reduced, and so on, and so on. You might have an agreement for a sliding scale arrangement with the company, and unless your traffic increased or kept up to a certain point for a considerable period nothing would happen. But I think that it is a very good thing to have a sliding scale agreement wherever you can arrange it with them, because if your traffic does go up the rate will *ipso facto* fall.

3457. You will base the sliding scale upon the gross traffic and not upon the nett profit?—I would have regard to nothing but the gross traffic—it is the only thing you can check.

3458. It would be extremely difficult, if not impossible, to go into the accounts of the companies to ascertain what profits they were making, and therefore you would fix any sliding scale absolutely upon the gross traffic that can be readily ascertained, would you not?—Yes, no doubt the nett profits are ascertainable, but it would be a very difficult and uncertain thing, and it would be very much better to go by the gross receipts.

3459. Naturally, if you have a sliding scale the companies might reasonably ask that on the other hand the Government should give them some facilities, such, for instance, as landing rights?—Yes.

3460. Would you be prepared to advocate that landing-rights should be given to the companies whenever and wherever they might require them if they were to consent to a sliding scale that might be approved of?—Certainly, I would admit all comers on the same terms and apply the same principle to everyone.

3461. To all comers or to all British comers?—To all—British or foreign.

3462. Is it your opinion that it is desirable to have as many lines as possible?—Yes.

3463. Provided that they land on British territory?—Quite so.

3464. And that the British Government should have complete control, or be able to take complete control of the shore ends that land on their territories?—Certainly that is one of the conditions of the ordinary agreement that is now made, and is, of course, made with all applicants.

3465. Are there any cables other than the one you mentioned, which is the Jamaica to St. Lucia direct, which in your opinion would be advantageous to make even if it had to be subsidised, or possibly constructed by the Government itself?—No. I think only the St. Lucia cable and the Malay States line.

3466. When the Pacific cable was originally under consideration, was there not a suggestion that a connection should be made either from the Pacific cable or from Canada direct to Japan?—There was. The subject has been mooted a good deal.

3467. And is it still under consideration?—I do not think it is actually under consideration at present. No doubt it will be considered as soon as the line has been wholly or partially constructed.

3468. Do you think it would be an advantage to have a direct cable from the west of Japan as well as the one we now have from the east?—Yes, I think it would be an advantage to us in the first place strategically. That is to say, the same advantages which I claim for the through alternative route for the Pacific cable I should also claim for a branch line from any point of it to Japan. Also, of course, there is the possibility that from a commercial point of view it would tend to reduce charges.

3469. Are the communications with Japan from the east now in the hands of the Great Northern Telegraph Company?—They are.

3470. Exclusively?—Yes, and will be until 1912.

3471. Have you at all considered whether it would be more advantageous to lay a line, that the Pacific cable may touch, from Vancouver direct or from Fanning Island?—Yes, there are various claims for different routes. The direct cable from Vancouver to Yokohama is commercially impracticable. Then the more northern route along the Aleutian Islands is considered from an engineering point of view to be very hazardous. Another alternative is to have a branch from Fanning Island to the Hawaiian Islands, and from thence to Japan. That from the commercial point of view and also from an engineering point of view is the best of the schemes. from Fanning Island or Fiji to Japan, possibly calling at the Gilbert Islands.

3472. Have any of these proposals been before the Pacific Cable Board?—No.

3473. Do you think it desirable that they should be carefully examined?—Yes, I have no doubt they will be in course of time.

## SIXTEENTH DAY.

Thursday, 8th August, 1901.

## PRESENT:

The LORD BALFOUR OF BURLEIGH, K.T. (*Chairman*)The MARQUESS OF LONDONDERRY, K.G.  
The EARL OF HARDWICKE.  
The EARL OF ONSLOW, G.C.M.G.Major-Gen. Sir J. C. ARDAGH, K.C.I.E., C.B., R.E.  
Rear-Admiral R. N. CUSTANCE, R.N.J. H. LINDSAY, Esq., *Assistant Secretary*.

Mr. CUTHBERT HALL, called; and Examined.

3474. (*Chairman.*) You are the Manager of Marconi's Wireless Telegraph Company, I understand?—Yes.

3475. And you have been good enough to come here partly in consequence of your desire to give evidence on behalf of the company and partly in response to an invitation on our part?—Yes.

3476. I am right, I think, am I not, in saying that recently there have been considerable improvements perfected in regard to the Marconi system of wireless telegraphy?—Yes.

3477. Should I be going too far if I said that you are now prepared to fit up permanent installations to cover any distance up to 250 miles over sea or 100 miles over land, or 120 miles over sea and land combined?—The first figure should be altered. Since the memorandum which you possibly have had was prepared certain tests have been made which enable me to say that we are prepared to fit up installations to cover 1,000 miles over sea.

3478. What about the other figures?—The other figures stand. We cannot make an alteration because we have not had an opportunity—

3479. The overland is the obstruction—the difficulty of going overland is so much greater than over sea, or over sea and land combined?—I am not in a position to say that. We have not had an opportunity of testing the instrument which has been proved to go 1,000 miles over sea, over land, or over sea and land combined. Those figures were based upon results obtained with the apparatus which was suitable for 250 miles over sea. The apparatus which would give 250 miles over sea would only give 100 miles over land, or 120 miles over sea and land.

3480. But generally you would agree that the experiments over sea up to this point have been a great deal more successful than over land?—But it is probable the difference between the sea and the land result would not be so great as 1,000 over sea and 100 over land. If we used the apparatus which gives over 1,000 miles at sea we probably should be able to go over 750 miles of land.

3481. Are you able to say what is the difference—what is the obstacle over land? Is it electrical works; is it undulations of ground—in short, what are your difficulties which you have to surmount?—I do not think I can give any evidence upon that point. It is a question upon which Mr. Marconi himself would not, I think, make any definite statement.

3482. Assuming those figures which you have just given—do I understand that the capital outlay upon apparatus for communicating over the distances you have named would not be more than £500, or if you included the poles, not more than £750?—Those figures are for 250 miles over sea, but for 1,000 miles the capital outlay would be £2,000 for the two stations.

3483. (*Lord Onslow.*) If it were less than 1,000 miles it would be less than that sum you have named?; say if a half?—Over 100 miles it would be as much. We consider that 250 miles is the limit for apparatus costing the £500, and after that comes in a different type of apparatus which is more expensive.

3484. (*Chairman.*) You put before us as an axiom that wireless telegraphy is cheaper than the ordinary submarine cable for any distance above 10 miles if you presume a cost of submarine cable at £200 per mile?—That is so.

3485. What do you say as to a comparison between the two systems in the important matter of repairs?—Of course, the capital outlay to begin with is much smaller for the wireless telegraphy, and therefore taking the ordinary basis for depreciation and maintenance—say 10 per cent., it comes out at a much lower figure, and secondly, all our apparatus is accessible. In the case of the submarine cable, cable-ships have to be employed, and the cable when damaged is not readily got at for repairs.

3486. The same argument would apply to the cost of renewal of worn-out cables?—That is so.

3487. What would the cost of working be?—The cost of working is just the same as for a submarine cable. We use the same class of operators as submarine cable companies.

3488. Must you not have more constant attendance?—No, we have not found that. We have had a system working in the Hawaiian line connecting those islands, and we have been employing there as operators certain people they call Kanakas.

3489. The point I want to get at is this: If you are communicating by cable you can, of course, ring a bell to attract the attention of the operator?—Yes.

3490. And he may be in the adjoining room reading—he need not be in the actual place where the message is received. Does that hold with regard to the wireless telegraphy, or must the recipient be constantly on the look-out?—He should be constantly on the look-out.\*

3491. How do you attract the man whose duty it is to be on the look-out?—The signal is sent through, "Are you there?" and it is read off in the ordinary course.\*

3492. But the signal "Are you there?" is the same in kind as the message you are going to send?—Yes.\*

3493. What does the recipient see or hear first?—He hears the instrument moving.\*

3494. There is a gentle click?—Yes.\*

3495. Have you communication now permanently established anywhere with the British Islands?—Not from land. We have shore stations all round the islands on the east coast, and the south, the south of Ireland, and north of Ireland, and Holyhead for communication with ships at sea. We have the apparatus on certain ships, the North German-Lloyd, the Cunard and the Beaver lines, and they are regularly communicating with the stations.

3496. And they have to give notice before they wish to communicate?—Yes, our operators are at permanent attention at the stations, and when the ship comes within range she begins to signal and keeps up signalling until—

3497. Have you communication permanently established?—With the Hawaiian Islands—the Sandwich Islands.

3498. Over what distance?—Most of them have apparatus 30 miles apart. The maximum distance is 70 miles.

\* In a subsequent written communication to the Committee the witness stated that the ringing of a bell in the station called up is now, and always has been, the signal for communication. If a ship equipped with wireless apparatus wishes to communicate with a shore station, apparatus on the ship is operated which causes a bell to ring in the shore station.

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*Mr. C. Hall.* 3499. Is it a commercial thing there?—Yes, we are prepared to instal the apparatus for all kinds of purposes over sea, and ship to shore.

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3500. Have you, as a matter of fact, tested the use of it by the public commercially? Can the public pay you to send a message?—Yes, they can from ship to shore outside the three miles' limit. We have no licence from the Post Office, and therefore can only work outside the territorial limit; but the company are now telegraphing from ship to shore.

3501. But I mean between one island and another?—Yes, between those islands now.

3502. You have a regular service?—Yes, it was sold to a company—a company is working it.

3503. Would it be going too far to ask you what rate they are paying? How does it compare with the sixpenny telegram in this country?—I do not know what charges they are making out there. We are charging on the boat sixpence per word in addition to the land charges. Of course we have to collect the land charges.

3504. Is there any principle underlying those charges? Would you say how much a mile or how much per unit of ten miles it would be?—At the present moment we are simply charging sixpence per word. But if it came to connecting and—

3505. What rate do you think you would charge to make it a commercial success over a distance of, say, 1,000 miles?—Of course those large ranges have not come under business consideration, but we should probably charge a royalty of £100 per ten miles.

3506. What do you mean by a royalty?—Supposing we were asked to put down a submarine cable for a Government between two points, we should charge the capital outlay, and a royalty per annum at that rate, something like £100 per ten miles.

3507. But your work is not done by submarine cable?—No. But supposing we had to reproduce the conditions—I am instituting a comparison—if 1,000 miles of submarine cable would cost about £200,000, the maintenance and depreciation would certainly not be lower than £20,000 per annum; our apparatus costs only £2,000 and we should probably charge £100 for ten miles.

3508. (*Lord Onslow.*) In addition?—In addition.

3509. And that would be £1,000—£2,000 for an installation and £1,000 a year for the maintenance?—It would be £10,000 for 1,000 miles, but those figures—

3510. (*Chairman.*) Will you give us those figures—the differences? Are those given under the most favourable atmospheric conditions?—Under any atmospheric conditions.

3511. Do atmospheric conditions make much difference?—No, they do not affect us with the later development of the system, what we call the tuned system—atmospheric conditions make no difference. It works just as well when there is a thunderstorm or there are x's (stray Hertzian waves) about.

3512. How would it be affected in a gale of wind?—That makes no difference, and fog makes no difference. Those things have never made any difference. But there has been trouble with the un-tuned apparatus when there are thunderstorms about.

3513. Are you prepared to say that it is not possible for atmospheric conditions to occur which would render wireless telegraphy impossible?—I am not prepared to say that, but I am prepared to say that the liability to disturbance on our system from unfavourable atmospheric conditions is much less than with an ordinary land or submarine cable. With the tuned system we can eliminate the trouble from thunderstorms almost completely.

3514. You put it to us that the actual cost of maintenance compared with that of a submarine cable, taking into account the relative cost of repairs which are needed, would be much less in your view?—Yes, because on our plan it is accessible, and the total outlay is much lower.

3515. But you will probably admit that the cost of working must be higher than that of the submarine cable—the actual working apart from the maintenance?—No, I do not see why it should be. The operators would be of the same class. One of those big stations for long-distance transmission would of course require some rather expensive engineer over it, but not more than in the case of a submarine cable.

3516. But if you require this very constant attendance even for intermittent traffic from a skilled man, surely you will have to have relatively more skilled men to attend. Take a country station where there is not much traffic. A man or a woman could probably attend to an ordinary telegraph for practically the whole 24 hours, because he or she would be going about the ordinary work, or reading and writing, and even asleep if there was a bell in the room, but according to your instruments it really requires constant alertness on the part of the individual who receives the message?—As a matter of practice the method adopted in communicating with the station is sending a message "Are you there?" but there is no technical reason why a bell should not be connected in the ordinary course.\*

3517. How loud?—As loud as an ordinary bell.

3518. Compare it with the telephone bell?—I see no reason why it should not be arranged to do so.

3519. But does it do so as a matter of fact?—As a matter of practice the usual way of getting in communication is by signalling "Are you there?"\*

3520. Have you made any experiments in Scotland?—No.

3521. There are a great many islands there?—We have not.

3522. (*Lord Hardwicke.*) Can you state where the 1,000 mile experiment has been made?—I am not prepared to make a statement on that point.

3523. You were asked to put up an installation between Muscat and Jask—that is 120 miles in the Persian Gulf—I think in November, 1900, and so far as I am aware you were not prepared to do it at that time?—Probably not. My connection with the company is rather a short one. The request did not come through when I have been managing the company. At that time probably we were not prepared. Was that entirely over sea?

3524. Yes. But you are not prepared to undertake that distance or to give any quotations for the cost?—The distances have increased enormously within the last three months.

3525. That is what I wanted to know. It is a very recent development?—Yes, very recent.

3526. (*Chairman.*) Now, one other line of thought. How far is it possible for one of your messages to be intercepted by an individual for whom it is not intended?—When we are using the tuned system a station differently tuned, or with no tune at all—the plain aerial—cannot get the message within two miles. In fact, in the Mediterranean recently we had some experiments, and received on two instruments connected with the same aerial two different messages. We had one pole, one aerial, two receiving instruments connected to that aerial, and each instrument received its own message—that is within a few feet of each other.

3527. I think that was hardly the point of the question. In that case you wanted to send messages which would each be received on their own instrument?—Yes.

3528. But I am presuming somebody round the corner who wants to know what you are talking about, and who is able to fit up the apparatus necessary for the purpose. How far is it possible for him to defeat your wishes for secrecy, and to obtain a knowledge of what you are saying to one another?—Of course, if he can get exactly the same tune—the period of vibrations that we are employing—he will be able to get our message. But naturally he will find very great difficulty in hitting upon them, because the possible number of tunes is very great.

3529. But as a matter of fact and practice is it not the case that messages which have been recently sent in the Mediterranean in the knowledge of the Admiralty have been intercepted and intercepted constantly?—Probably. We constantly get the Admiralty messages through our stations in the Channel. The Admiralty are using untuned apparatus. The Admiralty messages can be taken at any station with a plain aerial within the range. But if they used a tuned apparatus they could only be taken by stations tuned to the same pitch—exactly to the same tune.

3530. You put it to me that if you choose to take precautions, which are not very expensive, to secure secrecy, secrecy can be inviolably maintained?—I could not use the word inviolable, because it is a question of

\* See footnote to Question 3490.

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—the risk is the chance of a person desiring to intercept getting his instrument tuned to exactly the same tune as the sending instrument.

3531. To bring the phraseology of the turf in, what are the odds—how many tunes has he to choose from?—It would be something like 500 to 1 against, I should think.

3532. (Lord Hardwicke.) That is 500 different tunes that you can pitch which he has to get at?—The limit of the number of tunes I could not fix, but theoretically it is much more than 500.

3533. I was going to suggest that it would be more than 500?—A great deal more.

3534. (Chairman.) You could, by a code, signal to any one of the 500?—Of course we could do so. I am not prepared to say that we have an apparatus for 500 tunes, but there is no theoretical reason why there should not be far more than that.

3535. (Lord Onslow.) I wish to put a few questions as to the cost. Do you know the West Indies?—I have never been there—I do not.

3536. Do you know anything about the distances from the West Indian Islands?—We have had an inquiry from the Colonial Office for connecting certain islands there.

3537. I think I am right in saying that you have been asked about connecting a British island and Belize in British Honduras, which is considerably less than 1,000 miles?—I do not know.

3538. Supposing it was to be under 1,000 miles there would be no difficulty in fitting up the apparatus?—None at all.

3539. And the cost would be £2,000 for the installation?—Yes.

3540. And did I understand that the additional cost would be £100 per ten miles—£10 per mile—is that it?—I cannot make any definite statement. I think we should probably make some such charge. We have not been dealing commercially with those big distances, and therefore the question has not arisen. But obviously as it can only be achieved by means of this apparatus, and as this is a much less expensive apparatus, to get a commercial result we should have to charge more than by the capital outlay.

3541. What would be the cost of the 10 miles—the repairs, the maintenance, the instruments, and the salaries and wages of the employees—anything else?—That would be simply a royalty charged for the use of the apparatus.

3542. Then there is a cheaper form of apparatus which may be utilised up to 250 miles?—Yes.

3543. Is there a royalty charged for that too?—Yes. At the present moment we are charging £100 per station, irrespective of distance.

3544. That is up to 250 miles?—Yes, in most cases where this has been commercially applied we are working it as part of the telegraph system and taking the receipts, but in those cases where the receipts are not likely to be sufficiently profitable, we are selling the apparatus and charging a royalty, and the royalty is £100 per station.

3545. And over the longer distance would it make any difference to you if the Administration, whatever it might be, took over the whole cost of maintaining the apparatus and paying the cost of the employees?—Only we should ask them to do it in addition to some charge per unit of distance. We should charge £2,000 for the apparatus, and perhaps £100 royalty for 10 miles, and then the station would be maintained and worked by the persons with whom we had the contract.

3546. There is not much in it between your charges and the cable companies?—It is about half. The submarine cable for 1,000 miles would be £200,000, and the depreciation would be £20,000 per annum, and ours on £2,000 would be £200, and our royalty £10,000; or £10,200 against £20,000.

3547. Where you establish a thing for commercial purposes, where it is not done for a Government, you charge 6d. per word at present?—Yes.

3548. That is irrespective of distance. For very small distances, say 100 miles, does that make any difference?—No, we have got this fixed rate of £100. Two sets of apparatus for the use of one person for his private purposes, not as part of a telegraph system, we charge £50 in addition to the cost of installation, and they maintain and work it themselves.

3549. What are the dangers of interruption—there are some dangers—now what are they?—Interception or interruption do you mean?

3550. Interruption. I do not mean the reading off of a message by somebody else, but the breaking down of communication?—If there were certain electric apparatus in very close proximity to one of our stations, we should have a difficulty in working, just as the submarine telegraph would have a difficulty. I could jamb any submarine cable, if I chose, within five miles.

3551. In the absence of that is there anything else?—No, nothing else.

3552. There is nothing analogous to the breaking of the cable?—No, nothing.

3553. Or interference by a thunderstorm?—Nothing at all. If there is any interference at all with our system by a thunderstorm it is very much less than the interference with telegraphs and submarine cables, and there is no breakage. Anything that goes wrong on the apparatus must be at one of the two stations.

3554. As to repairs, does the apparatus tend to wear out and have to be renewed?—Yes, certain parts of it have to be renewed, according to the work.

3555. Can those be kept on the premises?—Yes.

3556. The same as an incandescent lamp?—Yes, and the parts which are principally affected are the coherers, which cost 4s. each and wear out as they are worked.

3557. What experience have you had of 1,000 miles? Have you been using it constantly every day for any lengthened period?—No, it is simply experimental. There has been no long test. We find, as a rule, with the experimental results that whatever we can do experimentally we are prepared to guarantee.

3558. I suppose that your practical experience is mainly comprised in signalling to ships?—Yes.

3559. Which are at varying distances?—Yes.

3560. Not always over the same distance?—No.

3561. But you have had some experience between two fixed stations?—Yes, in England, and we have had experience in Hawaii.

3562. That is over 250 miles?—Not so great as that. I think the greatest is 70 miles. We have had it between fixed stations in Ireland, in England, and in various parts of the Channel; and we have a station at Crookhaven, and we signal to the Lizard, which is 225 miles, and again from the Lizard to the Isle of Wight.

3563. Has that been kept up constantly without interruption?—Yes, for hours at a time.

3564. At any rate you are prepared now to undertake communication to distances up to 1,000 miles, and I presume to place yourselves under penalties if you are unable to fulfil the contract?—Yes.

3565. (Chairman.) That requires a skilled operator, not like the telephone?—It requires a telegraphist—a man who knows the Morse code. The installation would have to be carried out by a skilled operator.

3566. (Lord Hardwicke.) Have you not made it a *sine qua non* that your own employees should work a particular instrument over a certain distance?—In the first instance. We instal the apparatus always ourselves, and instruct the operators in its use and adjustment. There is no difficulty about that. It is done as a protection against bad handling.

3567. Up to 30 or 40 miles your instruments are very easily worked, are they not?—Yes.

3568. And you have not been particular about the installation for 30 or 40 miles—it is so much per mile and so much royalty?—Yes.

3569. And you would not make any conditions as to who worked it?—We should always stipulate that our own men instruct the operators in the adjustment, and the tubes have to be put in and the men have to be instructed in the adjustment of them.

3570. When you sold instruments for South Africa, you did not send men out there to teach them?—At the time of the war we sent out men. Some men went out to the front with the apparatus, but owing to our being unable to get poles it was not used. Some of our men went out.

3571. And you do not sell any instruments without sending men to instruct?—Never. We have given it

*Mr. C. Hall.* to the Navy, but in the first instance they have been taught.

● Aug. 1901. 3572. Then at a distance of 100 miles you have always wished your own employees to work the instruments. You have not been prepared to sell an installation for over 100 miles?—Yes, we make the same stipulation whether it is 10 miles or 5 miles. We think it necessary to instal the apparatus and instruct the operators.

3573. But once installed you leave it to them?—Yes, when once instructed in it.

3574. That was a restriction, I understood, that prevented the Indian Government at one time from taking over the installation for certain purposes; you then wished the Indian Government to take your own men with the apparatus?—As you readily appreciate, the conditions change daily.

3575. I understand. What you were not prepared to do a year ago you are prepared to do now?—Yes.

3576. About the Admiralty; you say that their messages can be tapped because they are not tuned?—Yes.

3577. Are the Admiralty aware that they are using instruments in order to make very important experiments as to whether this wireless telegraphy is useful, and yet they are not using the best instruments?—That is so. Of course they depend upon coding, I suppose, to prevent interception, but that does not prevent them from meeting with interference. I could go near a ship and jamb it and stop it from working, and I could send to the ship which is receiving messages, and instead of getting one distinct message you would get one message superimposed upon the other.

3578. Supposing the Admiralty, who are now making experiments in order to find out whether messages can be intercepted, came to the conclusion that messages could be intercepted, your reply would be that it proved nothing, because they are not using a proper instrument?—Certainly.

3579. Are the Admiralty aware that they are not using the proper testimonial?—They are pretty well aware of it, because in a contract which the Treasury made with us for the Admiralty there was a special provision for their making further payments in the event of their taking our tuned system, which is a protection against interference and interception and disturbances by thunderstorms.

3580. (*Sir John Ardagh.*) You have stated that the system is available up to 1,000 miles. Can you give any practical examples of it?—We are prepared to demonstrate it to anyone who requires a demonstration.

3581. Can you state where they are?—We should put an apparatus on a ship and telegraph from the ship to the shore.

3582. And not from a fixed place?—Yes, we could do it from a fixed place.

3583. Can you say where it was done?—No, I am not able to say that. We are prepared to make these instruments at any moment, and I have sent an offer to the Admiralty for 500 miles.

3584. Do you know the longest distance that has been arrived at by the sub-leased connections under your Company. For instance, by the ships of the Royal Navy?—No, I do not know. Probably as they are using the untuned, I think 60 or 70 miles is the maximum. The untuned system cannot be used over so great a distance as the tuned. You can go much further with the tuned.

3585. Does the tuned system require a different coherer?—No, the same coherer.

3586. The coherer is the most important point of the whole thing?—I am not prepared to say that. It is a very important part. It is difficult to say which is most important.

3587. It all stands or falls if the coherer goes?—No.

3588. If the coherer acts, connection acts, and if it does not it fails?—If the rest of the apparatus is all right and the coherer is wrong, there is no message, but on the other hand, if the apparatus is wrong and the coherer is right there would still be no message. Perhaps it is more liable to damage than any other part of the instrument.

3589. Have you any device by which you could use the current which comes through the coherers as a relay; I mean putting on an active, strong battery to work a

bearer or anything of that kind?—We are not using any device of that kind.\*

3590. Has it been tried?—Yes, bells have been used in connection with the apparatus.

3591. Can you ring a bell?—Yes, I have heard a bell rung myself.

3592. That is evidently done by a relay?—Yes.

3593. That is to say, a relay is possible?—Oh, certainly.

3594. As regards the apparatus which you put on board ship. I suppose that is not intended for any long distance—I mean the practical apparatus that you put upon liners going across the Atlantic or making any long ocean voyages are for purposes of communication when they approach land?—The apparatus at present is suitable for about 100 miles; but, of course, we shall put on tuned apparatus. If tuned apparatus is put on to the shore stations and on the ships, it will enable us to go much greater distances.

3595. These apparatus connect with certain shore stations. Could you give us a list of the shore stations established at present?—Yes, I could furnish you with a list.

3596. Perhaps you will send in a list. Are they generally the stations from which Lloyd's signal ships?—No, we have nothing to do with Lloyd's at all.

3597. You are quite independent of Lloyd's?—Yes. Lloyd's have tried a system themselves, but it has not been a success.

3598. Could you say in a general way where they are situated. Have you one, for instance, at Holyhead?—Yes.

3599. And in the neighbourhood of Queenstown?—No, there is not one there. There is one a little south of Queenstown. Roughly they have been established to cover the principal shipping routes; on the east coast, on the Channel, on the south of Ireland and north of Ireland, and Holyhead; and in America.

3600. Are they worked by your own people to your own advantage, or are they worked by the subordinate company or association?—They are all worked by ourselves, by our own people, for our own advantage.

3601. When you get a message you send it on as an ordinary telegram in the public way?—Yes.

3602. How do you arrange about receipts?—The money is collected on the ship by our own people—the pursuer of the ship collects it actually. The charge is 6d. per word to shore, and the land charges in addition. Then our man at the shore station sends on the message and has to pay, and is subsequently reimbursed by the money collected on board the ship.

3603. How do you expect to make the invention remunerative, not, I presume, working it yourselves by agencies under your company, but by sub-letting or assigning?—No, I think to a large extent by working it ourselves. We have two companies—this company, the name of which you have, and the Marconi International Marine Communication Company. That deals entirely with the ship—the ship to shore. That company has been formed simply for that purpose, established for the purpose of ships communicating with the shore so far as possible as part of a telegraphic system. We do not want to sell.

3604. (*Lord Onslow.*) You are speaking of England now only, or are you speaking of all over the world?—Of all over the world.

3605. (*Sir John Ardagh.*) You sent out some apparatus to the military authorities in South Africa?—Yes.

3606. Have you received any report on its working?—We had a report of our own assistants. It did not work at all. There were no poles, and of course it could not be worked. Our men volunteered for the front and went up, but there were no poles and no means of fixing the wire, and we could not work the apparatus.

3607. When you say poles you mean poles of a considerable height which were necessary under the first arrangement of Mr. Marconi?—Yes. At the present time, of course, we dispense with those for short distances. We can do about 30 miles with a cylinder 4ft. 6in.

\* See footnote to Question 2940.



3608. Was it tried at all?—I think not. It was used from ship to shore. A set was put on the ship, I think, at Durban.

3609. Are your people out there still, and still proceeding with this experiment?—No, they have come home.

3610. (Chairman.) You have talked about instruments tuned and those untuned. I understand that two untuned instruments will communicate miscellaneously with one another?—Yes.

3611. And could be intercepted?—Yes.

3612. If an instrument is tuned it must have another one similarly tuned to communicate with it?—Yes.

3613. Can a tuned instrument communicate with an untuned one?—Under certain conditions it can.

3614. My point is this: Supposing your shore instrument on one of these ocean routes of communication is tuned, does it, or does it not, follow that every ship which wants to communicate with that instrument must be similarly tuned?—Yes, if it has only one set of instruments on board. But where we use the tuning apparatus we shall have the untuned for general purposes. I imagine that if the Navy adopted a tuned apparatus, unless they had one tune throughout the fleet, they would have to have an untuned apparatus for general purposes of ringing up

3615. The more you require the same tuning of the instruments the more (I should be right in saying, should I not) you reduce those odds of 500 to 1 about the secret being discovered. I should say the more you reduce the odds because the more the instrument is tuned to a particular pitch the more likely it is that they will find the tune you are using and will pirate your tune?—Certainly.

3616. Have you missed any point you would like to put before us?—I think not. I think the value of this means of communication from a military standpoint for a protection against cutting has been mentioned. Of course, the submarine cable can be cut.

3617. (Lord Onslow.) Assuming a tuned instrument on shore and a tunable instrument on a ship, could the tunable instrument on board ship be manipulated so as to get the right tune of the instrument on shore?—Not conveniently. It can be done. That is the way one might tap the message, by varying the periodicity. At the present moment we have had nothing to do with it for practical purposes—it takes too long.

3618. (Sir John Ardagh.) As regards your tariff you say it costs so much to erect a station. That is primarily an out of pocket charge, and then you charge so much according to distance. I presume that that secondary charge is based purely and simply on a matter of competition with cables or other means of communication, and not on any additional cost which distance involves?—Nothing except that.

Mr. C. Hall.

8 Aug. 1901.



## APPENDIX I.

Memorandum by Sir E. A. Sassoon, Bart., M.P.

## Re POSSIBLE EXPROPRIATION OR PURCHASE OF SUBMARINE CABLES.

It has been shown in evidence that some of the existing Telegraph Companies, notably the "Eastern group" and their allies, have derived much advantage from the strong and unopposed position in which they stand, and which has to a great extent been created by the assistance rendered to them by various Governments, in the shape of financial aid, and the grants of exclusive or privileged rights. Presuming upon the position so achieved, these companies have not hesitated to exact as much as they possibly could from the public, and it was owing to the imminent danger of competition, which has only been made possible by the action of the Home and Colonial Governments and the Government of Canada, that the companies latterly began to pay full attention to the requirements of the public, by reducing the rates charged for telegrams to some of the places which they serve, notably to Australia; and by improving their service by laying much required new cables, especially in the case of the Cape Colony.

In accordance with a promise made to the Committee, I append hereto a list of existing cables which might with advantage to the companies and to the public be acquired by the State, in the event of this latter carrying into effect a scheme of State-owned cables. In such a case the cables which the Government might desire to lay would, to some extent, conflict with the interests of existing companies, and these should, therefore, have the option of selling at least some of their cables to the Government. The list gives only the most desirable of these, as there are sundry cables connecting foreign countries which would not suffer, but would rather gain from the establishment of a State-owned system. There are also many lines which, like the Atlantic cables, would distinctly benefit from the increased traffic which would follow State-ownership. These I have not included.

To get at the present cost of these cables I have assumed 30 years as the "life" of a cable, which is very much above the figure on which the late Sir John Pender based his calculations when dealing with the Pacific cable scheme. With a 30 years' life as a basis, and assuming the existence of a sinking fund which, invested at 3 per cent. compound interest, would be required to pay the original cost of the cable, I have taken out the present "book value" of such cables. The original cost has been estimated in the following way.

A. Cables up to 1,000 miles long have been taken as originally costing £138 per nautical mile. This is based

on the price given out as the cost of the 1890 New Zealand-Australia cable, which is over 1,300 miles long.

B. Cables between 1,000 and 1,500 miles long are taken at £153 per mile. This is based on the price of £300,000 for the Singapore to Hong Kong *via* Labuan cable, which is in two portions, one 733 and the other 1,230 miles long—a total of 1,963 miles.

C. Cables between 1,500 and 2,000 miles long are taken at £161 per mile. This figure is arrived at indirectly, by considering the cost of A. and B. in their relation to the cost of the Anglo-American cable of 1894, which was 1,850 miles long, and had a very large core.

The lengths of these cables and the dates on which they were laid are taken from an official publication, and the "book values" are up till the year 1900.

On the bases detailed above, the following list is worked out, and furnishes a reasonable foundation (having regard to the age of each cable) on which an arrangement for the purchase of these cables by the Government may be effected. It is impossible in the absence of information to give an estimate of the value of the buildings and instruments, etc., concerned.

It may be urged that some of these cables, although over 30 years old, are, on account of repairs and renewals, still in an efficient state. This of course means, on the basis I have taken, that such cables have already repaid their original cost, and that the extra money expended on repairs and renewals has been paid out of earnings, which might otherwise have been paid away in enlarged dividends, or devoted to lowering telegraph rates. I at present do not discuss the policy or impolicy of such a course. To arrive at a general valuation, it has been necessary to work on some definite system. As, however, it has undoubtedly been the case that many of the cables in question have had money expended on the repairs which have become necessary from various causes, and as I have no information as to the amount of such expenditure in each individual case, I have made an allowance to cover this expenditure on the basis of 2½ per cent. on the assumed cost of cable, when new, for cables laid between the years 1890 and 1900, 7½ per cent. on cables laid between 1880 and 1890, and 15 per cent. on cables laid before 1880. Of course, some of these individual cables have required very much less repair than others.

## SUMMARY OF ESTIMATED COST

of purchasing some of the cables belonging to the undermentioned companies, on the basis of their assumed value in the year 1900, to which is added an allowance for the amount which may possibly have been expended on each cable for repairs, the amount of this depending upon the age of such cable:—

	Miles.	£.
Eastern Telegraph Company - - - - -	Nautical miles = 24,251	2,028,118
Eastern Extension Australasia and China Telegraph Company - - - - -	Nautical miles = 13,604	1,157,520
Eastern and South African Telegraph Company - - - - -	Nautical miles = 9,464	1,019,265
African Direct Telegraph Company - - - - -	Nautical miles = 2,082	206,029
West India and Panama Telegraph Company - - - - -	Nautical miles = 1,689	150,592
Grand Totals - - - - -	51,090	4,562,124

*Note.*—The original cost of the above 51,090 miles, when new, is estimated at 7,575,104*l.*

SOME OF THE CABLES OWNED BY THE EASTERN EXTENSION, AUSTRALASIA AND  
CHINA TELEGRAPH COMPANY.

Name of Cable.	Date of Laying.	Length in Miles.	Assumed Value on Books.
			£.
Madras—Penang, No. 1 - - - - -	1870	1,498	—
Madras—Penang, No. 2 - - - - -	1891	1,389	167,137
Penang—Singapore, No. 1 - - - - -	1870	398	—
Penang—Singapore, No. 2 - - - - -	1892	389	43,648
Singapore—Batavia - - - - -	1881	540	35,179
Singapore—Banjoewangi - - - - -	1879	921	50,434
Banjoewangi—Port Darwin, No. 1 - - - - -	1871	1,138	8,617
Banjoewangi—Port Darwin, No. 2. - - - - -	1880	1,144	68,861
Banjoewangi—Roebuck Bay - - - - -	1889	892	89,756
Melbourne—Tasmania, No. 1 - - - - -	1869	180	—
Melbourne—Tasmania, No. 2 - - - - -	1885	179	15,045
Sydney—New Zealand, No. 1 - - - - -	1876	1,262	53,365
Sydney—New Zealand, No. 2 - - - - -	1890	1,322	153,528
Penang—Malacca - - - - -	1880	268	15,075
Malacca—Singapore - - - - -	1879	121	6,359
Singapore—Labuan - - - - -	1894	733	87,401
Labuan—Hong Kong - - - - -	1894	1,230	162,603
TOTALS - - -		13,604	957,008

ALLOWANCE FOR POSSIBLE REPAIRS.

A.—Cables laid before 1880 = 6,930 miles.	£.	£.
Assumed value when new - - - - -	1,031,870	—
15 per cent. on above amount - - - - -	—	154,780
B.—Cables laid between 1880 and 1890 = 2,933 miles.		
Assumed value when new - - - - -	424,584	—
7½ per cent. on above amount - - - - -	—	31,844
C.—Cables laid between 1890 and 1900 = 3,741 miles.		
Assumed value when new - - - - -	555,543	—
2½ per cent. on above amount - - - - -	—	13,888
Total assumed value when new - - - - -	2,011,997	—
Total allowance for possible repairs - - - - -		200,512
Assumed value on books in 1900 - - - - -		957,008
Suggested basis for expropriation - - - - -		£. 1,157,520

## SOME OF THE CABLES OWNED BY THE EASTERN TELEGRAPH COMPANY.

Name of Cable.	Date of Laying.	Length in Miles.	Assumed Value on Books
Porthcurno—Lisbon, No. 1	1870	856	£—
Porthcurno—Lisbon, No. 2	1887	899	83,336
Porthcurno—Gibraltar	1898	1,188	174,008
Porthcurno—Vigo	1873	622	12,396
Vigo—Lisbon	1873	261	5,301
Lisbon—Gibraltar, No. 1	1870	391	—
Lisbon—Gibraltar, No. 2	1887	337	31,232
Gibraltar—Malta, No. 1	1870	1,126	—
Gibraltar—Malta, No. 2	1887	1,126	115,725
Gibraltar—Malta, No. 3	1899	1,118	167,459
Marseilles—Bono (Algeria), No. 1	1870	447	—
Marseilles—Bono (Algeria) No. 2	1877	463	20,310
Bono—Malta, No. 1	1870	382	—
Bono—Malta, No. 2	1877	385	16,888
Malta—Alexandria, No. 1	1868	929	—
Malta—Alexandria, No. 2	1870	913	—
Malta—Alexandria, No. 3	1899	900	121,589
Alexandria—Port Said	1882	154	10,793
Suez—Suakim, No. 1	1884	944	75,082
Suez—Suakim, No. 2	1891	811	88,024
Suakim—Perim, No. 1	1884	599	47,630
Suakim—Perim, No. 2	1896	658	82,821
Perim—Aden No. 1	1884	108	8,590
Perim—Aden, No. 2	1890	100	10,475
Perim—Aden, No. 3	1896	145	18,250
Suez—Aden	1883	1,403	116,469
Suez—Perim	1890	1,332	154,685
Aden—Bombay, No. 1	1870	1,914	—
Aden—Bombay, No. 2	1877	1,889	96,659
Aden—Bombay, No. 3	1891	1,851	234,375
Totals		24,251 n.m.	1,691,997

## ALLOWANCE FOR POSSIBLE REPAIRS.

	Miles.	£.	£.
A.—Cables laid before 1880	= 10,578		
Assumed value when new	—	1,569,091	
15 per cent. on above amount	—	—	235,363
B.—Cables laid between 1880 and 1890	= 7,002		
Assumed value when new	—	1,024,191	
7½ per cent. on above amount	—	—	76,814
C.—Cables laid between 1890 and 1900	= 6,671		
Assumed value when new	—	997,761	
2½ per cent. on above amount	—	—	24,944
	<u>24,251</u>		
Total assumed value when new		<u>3,591,043</u>	
Total allowance for possible repairs			<u>337,121</u>
Assumed value on books in 1900			<u>1,691,997</u>
Suggested basis for expropriation			<u>2,029,118</u>

SOME OF THE CABLES OWNED BY THE EASTERN AND SOUTH AFRICAN  
TELEGRAPH COMPANY.

Name of Cable.	Date of Laying.	Length in Miles.	Assumed Value on Books.
Aden—Zanzibar	1879	1,921	£. 122,859
Zanzibar—Mozambique	1879	652	35,742
Zanzibar—Mozambique	1885	692	58,163
Mozambique—Lorenzo Marques	1879	973	53,339
Lorenzo Marques—Durban	1879	345	18,913
Zanzibar—Seychelles	1893	1,120	143,761
Seychelles—Mauritius	1893	1,066	136,830
Cape Town—St. Helena	1899	1,617	254,865
St. Helena—Ascension	1899	1,078	161,467
Totals		9,464	985,939

ALLOWANCE FOR POSSIBLE REPAIRS.

A.—Cables laid before 1880 = 3,891 miles.	£.	£.
Assumed value when new	581,141	—
15 per cent. on above amount	—	87,171
B.—Cables laid between 1880 and 1890 = 692 miles		
Assumed value when new	95,496	—
7½ per cent. on above amount	—	7,102
C.—Cables laid between 1890 and 1900 = 4,887 miles.		
Assumed value when new	759,729	—
2½ per cent. on above amount	—	18,993
Total assumed value when new	1,436,366	—
Total allowance for possible repairs	—	33,326
Assumed value on books in 1900	—	985,939
Suggested basis for Expropriation	—	£. 1,019,265

SOME OF THE CABLES OWNED BY THE WEST INDIA AND PANAMA TELEGRAPH  
COMPANY.

Name of Cable.	Date of Laying.	Length in Miles.	Assumed Value on Books.
Barbadoes—St. Vincent	1871	99	£. 677
Barbadoes—St. Vincent	1890	94	9,846
St. Lucia—Grenada	1898	154	20,345
St. Lucia—Santa Cruz	1898	344	45,447
St. Lucia—St. Vincent	1871	58	308
St. Vincent—Grenada	1871	84	574
Grenada—Trinidad	1871	89	608
Grenada—Trinidad	1898	125	16,514
Trinidad—Demerara	1871	298	1,542
Trinidad—Demerara	1891	344	37,335
Totals		1,689	133,284



## ALLOWANCE FOR POSSIBLE REPAIRS.

A.—Cables laid before 1880 = 628 miles.	£.	£.
Assumed value when new - - - - -	86,664	—
15 per cent. on above amount - - - - -	—	12,999
B.—Cables laid between 1880 and 1890 = 94 miles.		
Assumed value when new - - - - -	12,972	—
7½ per cent. on above amount - - - - -	—	973
C.—Cables laid between 1890 and 1900 = 967 miles.		
Assumed value when new - - - - -	133,446	—
2½ on above amount - - - - -	—	3,336
Total assumed value when new - - - - -	233,082	—
Total allowance for possible repairs - - - - -	—	17,308
Assumed value on books in 1900 - - - - -	—	133,284
Suggested basis for Expropriation - - - - -	—	£. 150,592

## SOME OF THE CABLES OWNED BY THE AFRICAN DIRECT TELEGRAPH COMPANY.

Name of Cable.	Date of Laying.	Length in Miles.	Assumed Value on Books.
			£.
Bathurst—Sierra Leone - - - - -	1886	463	40,947
Sierra Leone—Accra - - - - -	1886	1,020	100,012
Accra—Lagos - - - - -	1886	261	23,082
Lagos—Brass - - - - -	1886	270	13,879
Brass—Bonny - - - - -	1886	68	6,014
Totals - - - - -		2,082	183,934

## ALLOWANCE FOR POSSIBLE REPAIRS.

B.—Cables laid between 1880 and 1890 = 2,082 miles.	£.
Assumed value when new - - - - -	302,616
7½ per cent. allowance on above - - - - -	22,696
Assumed value on books in 1900 - - - - -	183,934
Suggested basis for Expropriation - - - - -	£. 206,630

## APPENDIX II.

Memorandum by Sir E. A. SASSOON, Bart., M.P., on Possible New Routes to India.

Besides a new cable system direct to India, there are several possible ways of reaching that country, either by a combination of land-lines and cables, or by land-lines alone (if we except the short length of cable across the North Sea). These possible routes are the following:—

1. By obtaining facilities for special wires through France, Italy, and Turkey as far as Fao, at the head of the Persian Gulf, and from thence by the existing cable, or, if necessary, by an additional cable, direct from Fao to Karachi, where the Indian system of land-lines is reached. At present under the Telegraph Convention the rate to Fao is made up as follows (in francs: Great Britain takes 10 centimes; Anglo-French cable .06; France .08; Germany .08; Vallona cable .05; and Turkey .30, making a total of 67 centimes, or 6½d. Subtracting this from the present 4s. rate to India *via* Indo-European, we have 3s. 5½d., which means, after allowing for the 2d. per word for the charge on inland telegrams in India, that the charge on the cable from Fao to Karachi, a length of 1,200 miles, is 3s. 3½d. This amount compares very unfavourably with the 1s. per word charged across the Atlantic cables, which on an average are about 2,000 miles long, and more unfavourably still with the 3½d. per word from London to Gibraltar, also 1,200 miles. I am for the moment ignoring here the difficulties which are thrown in the way by the Convention and by the existence of the Joint-Purse Agreement; these I will deal with later on.

2. By obtaining facilities for special wires through Germany and Russia to Kusekh on the N.W. frontier of Afghanistan. From here it would be necessary to erect some 450 miles of land-line through Afghanistan, *via* Herat and Candahar, to join the Indian land lines at Quetta. The rates would be: Great Britain, .10 centimes; Anglo-German cable, .15; Germany, .08; and Russia, .25. Allowing the liberal amount of .40 for transit through Afghanistan, and adding the .20 centimes for the inland rate of India, we get a total of 1s. per word. It has been urged against this route that the Ameer objects to the erection of land lines in his territory, but similar objections and difficulties have been overcome before now elsewhere.

3. As an alternative to the above a line *via* Germany and Russia might be continued from Merv to Meshed and Seistan in Persia, along the new caravan route, and so round the South of Afghanistan, through Baluchistan to Khelat, a distance of some 900 miles. In this case the same rate as above may be estimated, but the .40 allowed

for Afghanistan being subtracted from the one franc charged by Persia as transit rate, means an addition of 6d. to the above total, bringing it to 1s. 6d. per word.

By uniting the land lines in Persia between Shiraz and Jask, a distance of some 400 miles, a through land line service would thus be ensured, to meet the Indian land lines at Karachi. The rates over such a line may be taken as follows: Great Britain, .10 centimes; Anglo-French cable, .06; France, .08; Italy, .08; Vallona cable, .05; Turkey, .30; Persia, one franc, or, say, with the addition of 20 centimes for Indian land lines, a total of 1s. 7d.

In sketching out these routes, I have assumed throughout that in the case of each country, the rate is that appertaining to the "European régime," excepting in the case of Persia, where there is no guide to show what the rate would be under the "European régime," so there I have had to take the higher amount actually charged by Persia in the case of "extra-European régime." I have been able to get such figures as far as Russia-in-Asia and Turkey-in-Asia are concerned; as the extreme limit to Merv on the Afghan frontier, in the case of the former, and Fao on the Persian Gulf in the case of the latter, are according to the Convention, known as belonging to the "European régime." These figures only serve to prove that should Great Britain and India withdraw from the Convention, as they can do according to Article 20 of the St. Petersburg Convention, on giving one year's notice, they would, in case the countries adhering to the Convention did not raise the rates above the figure with which they are at present satisfied, be able send telegrams between England and India for the following amounts:—

By Route 1, London to Calcutta, 1s. 8½d. per word.

By Route 2, London to Calcutta, 1s. per word.

By Route 3, London to Calcutta, 1s. 6d. per word.

By Route 4, London to Calcutta, 1s. 7d. per word.

There are obviously other routes besides the four which I have specified above, which might come into play were India once declared "European"; for example, by land line through France to Marseilles, and from thence to India, *via* Suez, Aden, and Bombay by cable; or from Marseilles to Beyrout by cable, and so on to Fao by land line, joining a cable running direct from Fao to Karachi. Still another possible selection of route would be by land line through Germany and Russia, *via* Odessa and Constantinople to Fao, and so on to Karachi.

## APPENDIX III.

MEMORANDUM by Mr. HELM upon the probable effect of an important reduction of telegraph rates in enlarging the revenue derived from telegraphic correspondence.

It is an accepted principle that the demand for any commodity or service of general utility increases step by step with every substantial lessening of its cost. The increase is especially great in the case of luxuries—things which everyone desires, but which comparatively few can command. To send letters by post eighty years ago was of the nature of a luxury; it is now a possession which everyone can command, because the price has been reduced to a trifle, and the Post Office is a highly profit-yielding institution.

Distant telegraphic correspondence is not in this respect essentially different from correspondence by letter. The lower the rate, especially if the reduction be important, the larger will be the correspondence, and usually the increase of correspondence will much more than suffice to make good the imaginative loss from the reduction of rates.

On the other hand, if the rates be maintained at a level which correspondents consider excessive in comparison with the resulting advantage of rapid communication, they will either abstain from using the telegraph, or will adopt all possible expedients to lessen its cost. I allude, of course, to the use of code-words. I have presented in my evidence ample proof of the fact that these expedients have been so successful that although the commercial and telegraphic correspondence with India has very largely increased during the last fifteen

years, the revenue received by the cable companies has diminished. I have also expressed the opinion, based upon a considerable knowledge of the methods of code telegraphy, that much further economy is possible, in the same direction, even if new restrictions upon the employment of code-words should be imposed, although certainly this would involve great expenditure in the reconstruction of codes.

I now desire to present to the Committee, in obedience to its request, the advantages which, in my opinion, would be derived by the cable companies from a large reduction in their charges per word for code and plain messages. My knowledge is probably not sufficient to cover all such advantages, and I only state such as seem to me tolerably certain to result from such a change.

1. A large amount of intelligence of a social character now reserved for the mails would be transmitted by wire, such as domestic occurrences of many kinds, reports as to the health of individuals, travelling, and other arrangements. This would be contributed by all classes of the community, including those engaged in commerce. The public, once accustomed to use the telegraph for such purposes, having become, so to speak, educated in the use of the telegraph, would employ it freely as a method of correspondence.

2. Mercantile people would transmit statistics, market reports, and general business information by cable in

much greater abundance than they now do. I am myself acquainted with a very large amount of such information now transmitted partly by code and partly in plain language by the Atlantic cables and others, where the rates are low; but this is not the case with regard to India and the Far East.

3. There is a tendency in the trade with India, and possibly in other branches of Eastern commerce, to reduce the amount of individual orders for merchandise and to buy in smaller quantities and more frequently. Experience shows that this tendency would be greatly encouraged by a substantial reduction of rates. It would, therefore, result in an increase in the number of messages transmitted.

4. As explained in my answer to question 807, a class of telegraphic correspondence is now frequently withheld by reason of the high rates, which is known as "firm offers." For example, a manufacturer of goods whose quotations are considerably above the "limits" offered, say from India, is willing to accept a little less than his quotations, and requests the merchant to offer out "firm," say until the next day, a small reduction. The buyer replies: "The reduction you propose is not suf-

ficient to warrant the cost of telegraphing." If the cost were considerably less than it now is messages would arise, where now they do not, because even the slender possibility of putting through the business would induce the merchant to wire out the firm offer, disregarding the expense. This is but an example of the numerous contingencies in which the heavy cost of telegraphing stops the transmission of intelligence connected with the negotiation of sales and other business.

ELIJAH HELM.

Since attaching my signature to the foregoing Memorandum, I have read the following apt illustration of the case stated in the last paragraph. It occurs in the report of the cotton goods market yesterday, published on page 6 of the "Manchester Guardian" of this date (March 26th):—"There is little to report as regards cloth transactions, the moderate business for India that seemed probable on Friday having been checked for the present. Buyers are asking for quotations, but chiefly to compare with figures in the mail letters under discussion, and no disposition to spend money on wiring out is apparent."

E. H.

## APPENDIX IV.

HANCED in by Mr. B. T. FINCH, O.I.E.

## INDO-EUROPEAN TELEGRAPH DEPARTMENT.

STATEMENT showing the Amounts paid in and drawn out by the Department since the formation of the Joint Purse Agreement.

Year.	Indian.				Trans-Indian.				Total.		Year.	
	Paid in.	Drawn out.	Excess.		Paid in.	Drawn out.	Excess.		Excess.			
			Paid in.	Drawn out.			Paid in.	Drawn out.	Paid in.	Drawn out.		
1878-79	£ 40,027	£ 53,539	—	£ 13,512	£ 2,238	£ 8,717	—	£ 6,479	—	£ 19,991	1878-79.	
1879-80	48,948	58,230	—	9,288	3,540	10,669	—	7,129	—	16,417	1879-80.	
1880-81	52,756	65,698	—	12,842	4,479	10,697	—	6,218	—	19,060	1880-81.	
1881-82	55,899	60,124	—	4,225	11,209	14,674	—	3,465	—	7,690	1881-82.	
1882-83	85,168	68,129	17,039	—	25,560	16,785	8,775	—	25,814	—	1882-83.	
1883-84	70,172	63,190	6,982	—	11,236	13,304	—	2,158	4,824	—	1883-84.	
1884-85	73,685	61,764	11,921	—	11,691	14,974	—	3,283	8,638	—	1884-85.	
1885-86	98,491	69,686	18,805	—	18,826	16,328	2,500	—	21,305	—	1885-86.	
1886-87	69,796	60,818	8,978	—	11,184	14,388	—	3,204	5,774	—	1886-87.	
1887-88	60,371	56,202	4,169	—	11,437	17,819	—	6,382	—	2,213	1887-88.	
1888-89	71,363	58,344	13,019	—	19,932	18,781	1,151	—	14,170	—	1888-89.	
1889-90	71,304	55,975	14,329	—	15,357	17,205	—	1,848	12,481	—	1889-90.	
1890-91	80,056	59,683	20,373	—	15,718	17,734	—	2,016	18,357	—	1890-91.	
1891-92	81,760	62,188	19,572	—	20,881	21,164	—	283	19,289	—	1891-92.	
1892-93	74,644	62,102	12,542	—	19,565	21,792	—	2,227	10,315	—	1892-93.	
1893-94	77,986	64,779	13,207	—	19,483	24,548	—	5,065	8,142	—	1893-94.	
1894-95	76,264	63,615	12,649	—	23,003	27,397	—	4,394	8,255	—	1894-95.	
1895-96	80,553	66,116	14,437	—	29,827	35,669	—	5,742	8,695	—	1895-96.	
1896-97	82,511	62,190	20,321	—	34,775	38,349	—	3,574	16,747	—	1896-97.	
1897-98	92,310	68,173	24,137	—	26,473	38,296	—	11,823	12,314	—	1897-98.	
1898-99	90,709	65,823	24,886	—	24,682	39,281	—	14,599	10,287	—	1898-99.	
1899-1900	95,422	65,880	29,542	—	28,521	45,988	—	17,467	12,075	—	1899-1900.	
	1,619,195	1,372,154	286,908	39,867	389,647	484,647	12,426	107,356	247,482	65,371		
Excess paid in on Indian traffic				£ 247,041	Excess drawn out on Trans-Indian traffic				£ 94,930	£ 152,111 Net result—Excess paid in.		

## APPENDIX V.

## ANGLO-AMERICAN TELEGRAPH COMPANY, LIMITED.

*Précis of Evidence to be given before the Cable Communications' Committee.*

## I.

## THE PRESENT SYSTEM OF TELEGRAPHIC COMMUNICATION BETWEEN DIFFERENT PARTS OF THE EMPIRE.

The Anglo company is an English limited company, constituted under the Companies Act, 1862.

It was incorporated the 3rd March, 1866.

For constructing and working submarine and land telegraphs between Great Britain and America, and the recovery and completion of the 1865 Atlantic cable laid by the Atlantic Telegraph Company.

The Atlantic Company was incorporated by special Act of Parliament in 1857, and absorbed by and amalgamated with the Anglo Company in 1870, by virtue of "The Atlantic Telegraph Act, 1870."

The Anglo Company has since its incorporation constructed, laid, or acquired by purchase the following main Atlantic cables:—

*First.* Cables laid or acquired by the company and since abandoned.

(1) The 1858 cable, between Ireland and Newfoundland, laid by the Atlantic Company, and subsequently acquired by the Anglo Company.

(2) The 1865 cable, between same points, partly laid by Atlantic Company and completed and worked by the Anglo Company.

(3) The 1866 cable, between same points, laid and worked by the Anglo Company.

(4) The 1869 cable, between Brest (France) and St. Pierre Miquelon (Newfoundland), laid by "La Société d' Câble Transatlantique Français," and afterwards acquired and worked by the Anglo Company.

The whole of the above cables have ceased to work, and have consequently been abandoned.

*Secondly.*—Cables laid between Ireland and Newfoundland, and still being worked by the Anglo Company:—

(5) The 1873 cable.

(6) The 1874 cable.

(7) The 1880 cable.

(8) The 1894 cable.

The Anglo Company also at the present time owns, works, or controls the following branch cables and land wires in Newfoundland, Prince Edward Island, and the Dominion of Canada:—

(1) Three cables (5 wires) between Heart's Content (Newfoundland) and Cape Breton.

(2) One cable between Sydney (Cape Breton) and Canso (Nova Scotia).

(3) One land wire between Montreal (Canada) and Sydney.

(4) One cable between Prince Edward Island and Newfoundland.

## II.

## THE RELATIONS BETWEEN PRIVATE CABLE COMPANIES AND THE IMPERIAL AND COLONIAL GOVERNMENTS.

These are constituted and regulated by the following statutory enactments, Imperial and Colonial:—

## NEW YORK, NEWFOUNDLAND, AND LONDON TELEGRAPH CO.

*Newfoundland.*

April 15, 1854.—Act to repeal certain Acts, including an Act to incorporate the Newfoundland Electric Co.

April 15, 1854.—Act to incorporate a company under style and title of "The New York, Newfoundland, and London Telegraph Company."

May 12, 1856.—Act to amend the "Act for the incorporation of the New York, Newfoundland, and London Telegraph Company."

March 3, 1857.—Act to further amend the same Act.

April 26, 1867.—Act to further amend the same Act, 1856 Act, respecting the rights and privileges of the New York, Newfoundland, and London Telegraph Company in Newfoundland.

## PRINCE EDWARD ISLAND.

May 10, 1854.—Act granting certain privileges to the New York, Newfoundland, and London Telegraph Co.

April 15, 1857.—Act granting a yearly sum to the New York, Newfoundland, and London Telegraph Co.

April 17, 1862.—Act relating to electric telegraph communication with Prince Edward Island.

April 19, 1872.—Act to enable the Government to secure telegraphic communication.

## PROVINCE OF CANADA.

May 19, 1855.—Act granting certain privileges to New York, Newfoundland, and London Telegraph Co. (18 Vic., c. COLX.).

## ATLANTIC TELEGRAPH COMPANY.

*Imperial.*

July 27, 1857.—Act to incorporate and regulate the Atlantic Telegraph Co., and to enable the company to establish and work telegraphs between Great Britain, Ireland, and Newfoundland, and for other purposes.

August 2, 1858.—Act for enabling the Atlantic Telegraph Company to make and issue preference capital for the extension of borrowing powers and amendment of Act.

July 21, 1859.—Act to alter and amend the Acts relating to the Atlantic Telegraph Co., and to entitle the company to raise additional capital, and for other purposes.

May 31, 1867.—Act to alter and amend the Acts relating to the Atlantic Telegraph Co., to enable the company to raise additional capital, to extend their borrowing powers, and for other purposes.

January 4, 1870.—Act to amalgamate the Atlantic Telegraph Company with the Anglo-American Telegraph Co., and to provide for the dissolution of the Atlantic Telegraph Co., and for other purposes.

## NOVA SCOTIA ELECTRIC TELEGRAPH CO.

*Nova Scotia.*

August 7, 1851.—Act to incorporate the Nova Scotia Electric Telegraph Co.

In addition to the foregoing, there are public Acts of the Imperial and Dominion Parliaments, which may in some degree affect the company as a telegraph company by way of benefit or obligation, but which it is not necessary to refer here, except to say that the company claims to have certain rights, and to be under the obligations of an agreement with the Imperial Government contained in the provisions of an Agreement of 8th July, 1868, and Memorandum of Explanations of 3rd August, 1869, both which received statutory confirmation by the Telegraph Acts of 1868 and 1869 and subsequent Acts.

The relations of the company with the Imperial Government also include those contained in the provisions of an Indenture of 30th September, 1867, granting rights of landing on the West Coast of Ireland for the company's main Atlantic cables.

The general effect of the statutory enactments is to confer upon the company, both here and in Canada and Newfoundland, the status and rights of a company established by special Act of Parliament, with the right and duty of maintaining telegraphic communication between this country and America (particularly Canada and Newfoundland), subject to the provisions of the various enactments, and—in this country—of the landing license.

Except in Newfoundland, the company enjoys no monopoly, but is subjected to competition from foreign companies, who enjoy equal rights with it in the United Kingdom, and are heavily subsidised by their own Governments.

The foreign competition commenced in 1873 by the laying of a French cable from Brest to the United States, and a branch line from Brest to England. This resulted in the acquisition by the Anglo Company of the French line on terms greatly to the disadvantage of the company.

Since then the following further foreign competitors have been established, viz. :—

- The Second French Cable Company.
- The American Telegraph and Cable Company.
- The Commercial Cable Company, and
- The German Cable Company (*vid* Azores).

The Anglo Company has survived these numerous attacks, but the average dividend paid by the company upon its capital during the last twenty years has not exceeded 3 per cent.

The British Government has never granted the company any subsidy, guarantee, or other assistance except the right to unorderd traffic under the 1868-9 Agreement with Her Majesty's Postmaster-General, whilst, on the other hand, the company without being under obligation to do so, carried the messages of the Government at half rates.

The Agreement having expired the question of its extension for a further term, and the conditions of such extension, are at the present time the subject of arbitration between the company and the Imperial Government under the provisions of the Agreement.

No evidence is therefore tendered upon the questions arising in the arbitration.

In Canada the company is entitled under enactments of the Legislature of Prince Edward Island to a subsidy of £400 sterling per annum, and in Newfoundland has exclusive rights of erecting and working telegraphs and landing submarine cables in the colony.

The company has no other aids or privileges.

### III.

#### CONTROL EXERCISED BY THE GOVERNMENTS.

Outside the provisions of the several enactments (including the provisions enabling a Secretary of State to take possession of the company's wires in a case of public emergency contained in the Telegraph Act, 1863 (26 and 27 Vic., c. XII), the only rights of control are those contained in the grant of landing rights.

It is understood that there is an intention of altering and enlarging the provisions of these grants in the future, so as to give the Imperial Government greater control than at present, but this company has no knowledge of these intended new provisions.

It is considered that it is owing to the unflinching enterprise of private individuals, and not of Governments, that cable communication with distant parts of the Empire owes its origin and continuance. Neither the British nor any foreign Government has yet executed works of such magnitude. The recent contract for the laying down of the Pacific cable is the only instance of any Governmental enterprise of the kind.

Now that these lines of communication have been settled upon a firm basis, and after the shareholders in these enterprises have borne all the heat and burden of the day, the Imperial Government, which by the Act of Parliament is shut out of the liability to purchase these concerns, is endeavouring by the machinery of landing licenses to obtain powers to exercise a strict control over them, and to hamper them in many ways.

### IV.

#### FUTURE POLICY IN CASE OF NEW CONCESSIONS.

Produce copy of letter to Board of Trade 10th December, 1900.

The Anglo-American Company is a British company formed in 1866 for the establishment and working of submarine and land telegraphs between the United Kingdom and America. Its original capital of £600,000 was subscribed almost wholly by British subjects.

This company first established telegraph communication between these countries, and this great work was accomplished, and has been since uninterruptedly carried on, without Governmental subsidy or guarantee.

The capital of the company is £7,000,000. There are over 6,700 stock-holders. The company during its existence has laid and acquired in all eight Atlantic telegraphic cables, the latest of which was laid in 1894, and cost £450,000. Of those there are now four cables in full working order.

The telegraphic service between London and New York over the company's cables is as rapid as that between London and Liverpool; the public rate is only 1s. per word.

The average of the dividends paid by the company upon its capital during the last 20 years and upwards is less than 3 per cent. per annum.

There are already 13 cables to North America which are owned as follows :—

British—Anglo-American Telegraph Co., Ltd. ...	4
British—Direct United States Cable Co., Ltd....	1
French—French Cable Company ... ..	2
America—American Cable Company ... ..	2
America—Commercial Cable Company ... ..	3
German—German Cable Company ( <i>vid</i> Azores)... ..	1
Total ... ..	15

The French and German companies are subsidised by their Governments by guarantees of income to the extent of £32,000 and £70,000 per annum respectively.

Five Transatlantic cables owned by American corporations land on British territory, while only two British branch cables land on American territory.

The growth of the competition for this traffic is approaching the point at which it tends to become destructive of capital rather than helpful to trade, and the fact that the right to control this growth is admittedly in the Government, implies that the latter has also a duty to protect the legitimate enterprise of its own subjects when that protection, as in the present instance, can be afforded without prejudicially affecting any public interest or advantage to trade.

### V.

#### EXISTING RATES AND THEIR REASONABLENESS.

The rate upon a line should bear some relation to the cost of construction; for instance, 1,000 miles of land wire would cost probably £35,000; 1,000 miles of deep sea cable would cost £300,000; the cost of the repair of one is a man's wages and a yard or two of wire; the cost of the repair of a submarine cable in deep water may be from £20,000 to £80,000.

This fact appears to be overlooked by the theorists who attempt to lay down what a telegraph rate should be. They appear to assume that it is all the same whether a line costs £30 a mile, and can be reached at any time for repair, like a roadway or a railway, or whether it costs £300 a mile, and is sunk in the ocean at a depth of two or three miles.

A tariff is made up of the rates accruing to the various companies and administrations between the two points, and whether the rate takes the form of a rate per word or rental per wire, all the same it forms part of the total rate.

When the total rate is reduced it would seem only right and proper that all administrations, parties to the rate, should reduce the amount accruing to them in proportion, but this is not by any means the rule—for instance :—

The Atlantic cable companies have very considerably reduced the rates between Great Britain and distant parts of the Empire, and have had to bear the whole of the reduction themselves.

In 1869 the English Government agreed with the Anglo-American Telegraph Company to collect and deliver all American messages throughout the United Kingdom, and to provide wires between London and Valentia for the half of the British rate, which at that time was 1s. per message, the other half going to the company to pay for the expense of working the lines at London and Valentia.

The rate to America at that time was £3 7s. 6d. for a message of any length not exceeding ten words.

In 1872 this company introduced the "word rate" system, by which the minimum length of a message was abolished, and the public were required to pay only for such words as they wished to send.

This radical change in the counting of messages has not yet become universal, as we see in the Post Office charges of to-day that the public must pay for 12 words, even if it wishes to send only three.

In 1880 the company revised its Agreement with the British Post Office, and it undertook to pay the Post Office the very large price of £5 per mile for the maintenance of overhead wires, a sum more than double the actual cost, and quite equal to that which should be provided for the maintenance and repair of deep sea cables.

In 1885 the English Government, by Act of Parliament, reduced the British rate to the public for inland messages from 1s. per message to 6d. for 12 words or less, but it did not make any proportionate reduction to the companies of the rental for the wires.

Between the year 1859 and the present time the rate charged by the Atlantic cable companies to the English trading community for telegraphic correspondence with America has been reduced from £3 7s. 6d. for a minimum message of not exceeding ten words, to 1s. a word for any number of words the public chooses to send, and this very frequently amounts to three words—that is a reduction from £3 7s. 6d. to 3s. for a minimum message, the whole of which reduction has fallen upon the companies, the Government bearing no share in it. The rate for press messages is 5d. per word.

Owing to the delay on the Post Office lines within the United Kingdom, and on the demand of British and American merchants, this company has from time to time been obliged to rent special wires between London and the principal centres of business in the United Kingdom such as:—Liverpool, Manchester, Bradford, Newcastle-on-Tyne, Glasgow, Edinburgh, Leith, and Dundee.

For these wires the British Government charges the company a rate of £5 per mile, which this company holds is exorbitant.

For the same reason, namely, of delay, in this case shared by the English and Continental Governments' land lines and cables, the company has been obliged to

rent special wires to Holland and Belgium at considerable expense.

In 1900 the company having the choice of laying a cable between England and France, or of renting one from the English Government, was asked a rental of £3,500 for a wire between Dover and Calais (distance of 24 miles) which the company eventually laid between Cuckmere and Havre (distance 84 miles) at a cost of £21,000—that is, the Government would have charged nearly twice as much per annum for a cable of 24 miles as it will cost the company for maintenance and repair of a cable of 84 miles with interest at 3½ per cent. for 30 years.

Under the Telegraph Act of 1885 the Government is entitled to charge a rate not exceeding 6d. for the first 12 words, and ¼d. for each additional word, for the transmission of written telegrams throughout the United Kingdom without regard to distance.

On American messages crossing the United Kingdom destined for the Continent they claim 1½d. per word under some arbitrary convention rule outside the Act of Parliament.

The company's rate between New York and Germany or France is 1s. per word.

Of this 1s., the company, if it transmits the message over the lines of the Post Office, has to pay out to the English and French Administrations 4¼d., and to the English and German Governments 5¼d. per word, whereas the public rate between England and France and England and Germany is 2d. per word.

#### APPENDIX VI

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

##### NOTES OF EVIDENCE TO BE GIVEN ON BEHALF OF THE COMPANY BEFORE THE GOVERNMENT "CABLE COMMUNICATIONS COMMITTEE."

1. *The present system of telegraphic communication between different parts of the Empire.*

The Direct United States Cable Company is a British company incorporated under the Companies Act, 1862, on the 17th July, 1877, and is the successor of a company of the same title which was incorporated under the same Act on the 10th March, 1873.

It has an issued share capital of £1,214,200, and its shareholders are about 1,600 in number.

Its telegraph system consists of:—

- (a) Land wires leased from the Postmaster-General in the United Kingdom, including a wire in an Irish Channel cable, extending as to the main wire from London to Ballinskelligs on the west coast of Ireland, a loop wire connecting Liverpool with the main wire where it passes through Chester, short branch wires in the cities of London, Liverpool, and Glasgow, and a wire connecting the Ballinskelligs wire of the company at Cahirciveen with the office of the Anglo American Company at Valentia, Co. Kerry, Ireland.
- (b) A submarine cable of 2,364 nautical miles in length, extending from the Irish coast at Ballinskelligs before mentioned, direct across the Atlantic to Canada, passing up the harbour to Halifax, N.S., and landing at the War Office lumber yard, and from there continuing by street leads to Halifax City.
- (c) Another submarine cable from Halifax, about about 537 nautical miles in length, passing to the United States of America, landing at Rye Beach in the State of New Hampshire, whence land wires worked by the company connect directly with the cities of Boston and New York.

From Halifax (N.S.) the company works a land line connecting that city with Sydney, Cape Breton, and thence with the cable station of the Anglo-American Telegraph Company at Hearts Content, Newfoundland.

All parts of the Dominion of Canada are reached from Halifax directly by land wires from that city, and Bermuda and the West Indies are directly connected with Halifax by submarine cables worked by independent companies, subsidised by the British Government and controlled by the Commercial Cable Company, an American corporation.

2 and 3. *The relations between private cable companies and the Imperial and Colonial Governments, and the amount of control exercised at present by these Governments.*

The land lines in the United Kingdom and wire in Irish Channel Cable before mentioned are rented from the General Post Office under arrangements and agreements with the Postmaster-General. The arrangements are set forth in correspondence in the years 1882 and 1883, and were continued with some modification as set forth in letter from the General Post Office, dated 9th July, 1898. These arrangements are subject to determination on twelve calendar months' notice (to terminate at any time) by either party.

The agreement for local Cahirciveen-Valentia wire and for the transaction of public telegraph business at Ballinskelligs are noted hereunder.

The cable is landed in Ireland under license dated 10th August from the Board of Trade for thirty-one years from the 1st April, 1874. The company of 1873 was incorporated in Canada under letters patent of the Dominion dated 17th May, 1875, and its cable was originally landed at Torbay, Nova Scotia. In 1887 the cable was removed from Torbay to Halifax, Nova Scotia, under authority of an order of the Honourable the Privy Council of the Dominion, approved by His Excellency the Governor-General in Council on the 22nd of October, 1887, and by agreement dated 27th June, 1889, with Her Majesty's Principal Secretary of State for the War Department for landing at the lumber yard belonging to the Crown in the City and County of Halifax, Nova Scotia.

In this connection, the following copies or originals of letters and documents are produced:—

14th February, 1882.—Copy letter from G.P. Office to Direct Co., naming the terms for wire rental, which terms, however, were not allowed to come into force until 1st January, 1884.

31st January, 1897.—Copy letter from Direct Co., to G.P. Office.

9th July, 1898.—Copy letter from G.P. Office to Direct Co.

13th February, 1901.—Copy letter from Direct Co. to G.P. Office.

19th February, 1901.—Copy letter from G.P. Office to Direct Co.



29th September, 1881.—Original agreement with Postmaster-General for Cahirciveen and Valentia wire (terminable on six calendar months' notice in writing by either party).

10th April, 1891.—Original agreement with Postmaster-General for the transaction of telegraph business by the company as agents of the Postmaster-General at their office at Ballinskelligs (terminable on three calendar months' notice on either side).

10th August, 1874.—Original license from Board of Trade for landing cable at Ballinskelligs.

17th May, 1875.—Copy of Letters Patent of the Dominion of Canada for incorporation of the original company in Canada.

22nd October, 1887.—Certified copy of an order of the Privy Council of the Dominion of Canada, authorising removal of the cable from Torbay (N.S.) to Halifax (N.S.).

27th June, 1889.—Original agreement with Her Majesty's Secretary of State for the War Office Department authorising landing cable at lumber yard, Halifax.

The rights of control exercised by the Governments would be presumably those contained in the provisions of the Telegraph Act, 1863, and also those in the grants of authority for landing the cables in Great Britain and Canada.

4. *Future policy, especially when new concessions are sought.*—There are now thirteen cables to North America as follows:—

	Cables.
British	{ Anglo-American Telegraph Company, Limited . . . . . 4
	{ Direct United States Cable Company, Limited . . . . . 1
French	- French Cable Company . . . . . 2
German	- German-American Cable Company (via Azores) . . . . . 1
American	{ American Telegraph and Cable Company . . . . . 2
	{ Commercial Cable Company . . . . . 3
TOTAL . . . . . 13	

The French and German companies are subsidised by their Governments by guarantee of income to the extent of £32,000 and £70,000 per annum respectively.

Five of the above cables owned by American corporations land on British territory, while only two British branch cables land on American territory.

The Direct Company has no monopoly whatever, nor any subsidy of any kind. It has to meet severe competition from foreign companies who receive equal rights with it in the United Kingdom, and are heavily subsidised by their own Governments.

The average dividend and bonus paid by the company during the last fifteen years has been only 3 per cent. on its capital issued, viz., £1,214,200. Its cable has been laid nearly 27 years, and may now fail at any moment. While it would probably take at the least £600,000 to renew it, the renewal fund at present only amounts to £433,000.

The cost of repairing the company's cables during the past 27 years has been £279,932, equal to £10,368 per annum.

Having regard to the large amount of capital which has been expended by British companies in establishing submarine cable communication between this country and nearly all parts of the civilised world, and to the interests of the large number of shareholders in these companies whose property may be so seriously affected by the laying of further cables which may not be required in the public interest, the Direct Company is strongly of opinion that before any new license is granted for the landing of submarine telegraph cables

on the shores of the United Kingdom, public notice of the application for such license should be inserted in the leading London newspapers, and an opportunity should be afforded to parties having any objection to such licenses, to state their objections, which should be considered and dealt with on their merits by the departments of the Government concerned.

The company is further of opinion that no license should be granted for the landing of a cable on the shores of the United Kingdom, which is not either the property or part property of His Majesty's Government, or the property of a company having its domicile in the United Kingdom.

#### 5. *Existing rates—their fairness and reasonableness.*—

It is submitted that telegraph rates should bear some relation to the cost of construction and maintenance of the lines, and having regard to the vast difference in these items, as to whether they relate to land wires or to submarine cables, it would appear to follow that land line rates should be very much smaller than those by submarine cables.

A tariff is made up of the rates accruing to the companies and administrations between the places of origin and destination of messages, and whether the rate takes the form of a charge per word or rental per wire it still forms part of the total rate.

When this total rate is reduced it would seem only fair that all the administrations parties to the rate should reduce the amount accruing to them in proportion, but this is by no means the rule, for example:—

The Atlantic Cable companies have very considerably reduced the rates between Great Britain and distant parts of the Empire, but have had to bear the whole of the reduction themselves.

This company has for many years been paying to the Post Office £5 per mile per annum rental for its wire between London and the West Coast of Ireland, which rent the company is assured by competent advisers is excessive, and that £3 per mile per annum would be an ample charge after allowing fully for interest on cost of erection, way-leaves, maintenance, and profit. The Postmaster-General however has persistently refused the company's applications for a reduction in this rent, which has remained at £5 per mile since 31st December, 1883, no reduction having been made in 1885 when the British rate to the public was reduced for inland messages from one shilling per message of twenty words with a free address to sixpence for twelve words or less, but without a free address.

In 1878 the Atlantic cable rate for ordinary telegrams between this country and the Dominion of Canada and the United States was 3s. per word. It has since been reduced to 1s. per word for any number of words the public like to send, and to 5d. per word for press matter—and these reductions have in no way been participated in by the Government, but have been met wholly by the companies.

Under the Telegraph Act of 1885 the Government is entitled to charge a rate not exceeding sixpence for the first twelve words and a halfpenny for each additional word for the transmission of written telegrams throughout the United Kingdom without regard to distance, but on American messages crossing the United Kingdom destined for the Continent they claim 1½d. per word, probably under some rule of the International Telegraph Convention, outside the Act of Parliament.

The company's total rate charged to the public between New York, U.S., or Halifax, Canada, on the one side, and Germany or France on the other side, is one shilling per word. Out of this one shilling the Direct United States Cable Company at present pays the Post Office 5½d. per word for the English and German administrations on messages to Germany, and 4½d. per word is the charge for the English and French administrations on the messages to France.

As against these rates, the public rate between England and France and England and Germany is only 2d. per word.

## APPENDIX VII.

## MEMORANDUM by Mr. BRIGHT, F.R.S.E., on French Cable Projects.

It appears that other French cables are likely before long to follow those already laid.

In 1889 a Commission was appointed by the French Government to examine into the question of the establishment of a system of submarine telegraph lines to connect certain of their Colonies—Senegal, Madagascar, Tonkin, etc.—with the mother country. In 1900 a report was presented in favour of the below-mentioned lines being laid at an early date, more especially those marked with an asterisk :—

Description of Lines.	Cable Length in Nautical Miles.	Approximate Cost.
		£.
Mediterranean System :		
*Oran—Tangier - - - - -	290	32,000
Atlantic System :		
*Brest—St. Louis (or Dakar) - - - - -	2,500	680,000
*St. Louis—Pernambuco (or Cayenne) - - - - -	1,800	400,000
Aerial Line, St. Louis to Kotonou - - - - -	1,700	40,000
Kotonou—Libreville - - - - -	660	86,000
St. Louis—Libreville (direct) - - - - -	2,040	720,000
Indian Ocean System :		
Libreville—Madagascar - - - - -	4,730	1,480,000
*Madagascar—Reunion - - - - -	455	72,000
Reunion—Indo China - - - - -	4,080	1,520,000
Indo-Chinese System :		
*Hué-Amoy - - - - -	1,000	220,000
	19,255	5,260,000

The following conclusions were also arrived at in this report.—

(1.) Submarine telegraph lines to be established between France and her Colonies should, where no absolute material impossibilities exist, be direct and without landing on foreign soil; such landings, where indispensable, should be as few as possible, and be by preference upon the territories of friendly nations deemed most capable of making their neutrality respected. Lines in deep water should be preferred on account of their relative security. Landing places, which are the most vulnerable points of a line, should be, as far as possible, at fortified ports, and preferably at naval bases.

(2.) Isolated cables connected with a foreign system, which benefits by the transit, have little commercial value or political importance, their working being expensive and the service indifferent.

## APPENDIX VIII.

NOTE by Mr. ERNEST A. FLOYER, Superintendent of Telegraphs in Egypt, submitted to the Committee on Cable Communications on some points which arise from the desire for a cheap rate from England to India, expressed by the Indian Government; and from the proposals of Great Britain for cheap International Telegraphy about to be submitted to the coming Telegraph Conference.

Comparison  
of cable with  
land line.

The first point is that long submarine cables cannot carry a large cheap traffic at a profit; and that such traffic can only be carried by land-lines, which alone can earn a profit at very low rates.

It must be admitted that a submarine cable is an extremely costly and cumbrous form of communication by no means adapted to a large cheap traffic.

A cable is an expensive necessity where oceans must be traversed, but it is as a coach compared to an express train when compared with a land-line.

A cable costs, say, £200 per mile, while £30 per mile is a fair estimate for a land-line with the same conductor.

A cable requires for its maintenance steamers and highly paid experts; while an Arab can do all that is required to maintain a land-line.

The speed of working a cable cannot compare with

that of a land-line. Improvements have been made since the cables of the Indian Government worked two and three words a minute, but nothing is comparable with the speed with which messages can be sent through a land-line by means of punched slips. Fifteen to twenty words per minute seems a fair speed for cables, as against 100 on a land-line.

The land-line from Alexandria to Wadi Halfa is about 1,000 miles without a break. An Egyptian effendi may be seen any day working this line on a common Morse instrument at the rate of 23 to 25 words per minute.

To explain quite untechnically the difference between a cable conductor clothed in an insulating cover and a bare conductor, I have elsewhere used as an illustration the sweet-water canal to Port Said. In order to make the water flow fast, it is necessary to have escapes at

intervals along its length. The points of contact of the bare wire with the insulators on a land-line represent the escapes which are wanting in a cable.

Much evidence as to the speed of cables was given before the Pacific Cable Committee; and there is no indication that in the near future any improvement in the speed of cables can be made, or that any new invention will be perfected which for commercial purposes will compete with a copper wire land-line with stations at intervals of 1,000 miles.

Telegraph rates have hitherto been divided into "European" and "Extra-European."

Countries with a large traffic and short distances have been "European" with low rates, and those with a small traffic and long distances have been "Extra-European" with high rates.

The proposals of India and of Great Britain will, if carried through, result in all countries becoming "European," and will lead towards the result aimed at for so many years by Germany of an universal telegraph rate, having something in common with an universal postal rate.

And these proposals will emphasise the difference between "Extra-European" and "European" telegraphy, which is the same as between cable and land-line telegraphy; and they will show that, like trunk telephones and suburban telephones, they depend on different conditions for their development.

These differences are more clearly brought out by describing the classification of traffic.

It is important to note the different reasons which have prevented various States from making use of the fact that communications, postal or telegraph, are divisible into at least three classes.

India and Egypt alone profit largely by this natural classification.

It is clear that telegrams are not of the same importance.

It is equally certain that the public are the only people who can classify their telegrams; and that the preference or deference can only be assured by high and low rates.

When triple tax urgent telegrams were first proposed in Egypt, the objection was made that all telegrams should go at once. The answer to that is that to provide enough lines and telegraphists for this a large subsidy must be given. Compare the returns of Great Britain, who goes far in this direction and shows a large annual deficit. The question was put to the Chamber of Commerce in Alexandria, "Will you buy a preferred telegram at three shillings?" They replied, "Such a telegram is much wanted." The first year Egypt sold 50,000—5 per cent. of the total traffic. The second year, a year of low Nile and great cotton speculation, 9 per cent. were sold. The following year the number fell. It is the result of the statistics of many years that, given fixed conditions—

- (1) One class of telegram does not run into another.
- (2) The triple tax will never under ordinary conditions exceed 6 per cent. of the total traffic.

It will be seen that without any extra work, and without prejudice to the ordinary traffic, Egypt had in two years £5,000 and £9,000, total £14,000, to spend in giving the public increased facilities.

Cables cannot make different classes of traffic, for they can only carry triple tax telegrams. They must strain every nerve to make their cumbersome transport of use, and they can give no further facilities than they do, much as they might wish it.

Great Britain, to take an example, cannot accept deferred telegrams because her postal distances run the telegraph so close. But India, with its great distances, earns much money by deferred telegrams.

It is perhaps permissible to go further, and say that if a State does not provide transport for all telegrams to go at once, then it is injurious to the State to prevent the public from classifying their telegrams.

It is easy to invent cases where important telegrams have been delayed by frivolous ones. But the following happened in the early days of Lord Mayo's Viceroyalty.

Three telegrams arrived almost together. The first gave instructions for the insurance of a certain steamer. The second, which occupied the line eight hours, was an order for house-linen. The third was to Lloyds, warning them of the total loss of the steamer first mentioned.

The suburban and trunk telephones need only be mentioned as examples of two more classes of traffic

which will never mix. One helps telegraphy, the other competes with it. One is subscribed for, the other is paid for as wanted; and, if the system were reversed, both would disappear.

With great distances and ample cheap transport three classes of telegram may always be carried at different rates.

It is not possible to estimate the effect of a great reduction of rates between England and India. Any great reduction is a leap in the dark. The calculation of the number of telegrams per head of population in various States is of no help here, for the possible purchasers of a two shilling or half-crown word are limited to those in India who have affairs in England.

It is difficult to think that a two shilling word or a half-crown word will be more readily saleable than a four shilling word. But few "social" telegrams are sent from Egypt at 1s. 10d. per word.

There is probably no rate so low that it would drive out of use the costly code word which forms the bulk of cable traffic. On the other hand, there is no improvement, be it in speed, or accuracy or other point so small, that the large merchant would not recognise it by still higher payment.

A successful code requires much preparation before the word, carefully chosen as least likely to be confused with any other word, falls into its right place like the key-stone of an arch. The merchant prepares his correspondence for the inexorable conditions of cable transport.

A cheap traffic must be very cheap, very rapid, and very accurate. A business traffic will stand much ill-usage, but a "social" traffic is easily frightened. And to guess at a low rate at which the public would buy largely, one should start from the penny post letter, and not from the 4s. code word.

There is, however, encouragement in laying the foundation of a cheap transport between east and west; and in placing something between a costly half-hour telegram and a cheap thirteen-days letter.

I would venture to approach the question of cheap International telegraphy from a new point of view. I would place an ample and very cheap land-line transport from Bombay to Alexandria, and then by experiment find what rates will fill it.

It is at once clear that the cables must be arranged with, and taken into the scheme both at Alexandria and at Madras. Any excess gained on the land-line might assist the cables.

If no great increase of traffic followed a reduction no fresh arrangements are required, but a large traffic once in view, preparations for a large transport require consideration.

The three routes between England and India are the Turkish, the Persian and the cable routes.

The Turkish route may be neglected. The 50 days of interruption recorded in 1899, though less than that of preceding years, will hardly be much reduced.

The snow on the mountains and the inundations near Baghdad, where high water mark is 7ft. up the poles, make maintenance during some months difficult, if not impossible.

The cable and the Persian route made in 1878 a convention by which they agreed not to reduce the rates except by consent, and to place in a common purse all receipts for partition according to certain rules.

Whatever reduction of rate were decided on, the cable would probably continue to carry a large triple tax traffic without affecting the cheap land-line traffic, for which the Persian line remains the sole transport. The difficulty in the way of reducing the rate by this route may be got over.

And the number of wires might be multiplied. But the partition of receipts would remain to discourage the expenditure necessary to provide adequate transport for a large traffic.

A cheap large traffic requires greater speed and accuracy than a costly small traffic.

Before multiplying the wires along the Persian route it is useful to examine the alternative routes.

Although a new line could not perhaps be laid by Great Britain or by India in virtue of the Joint Purse Agreement, no real difficulty need arise here, for Egypt is unfettered in the methods she may choose to cheapen communication between England and India and her new provinces.

The line which seems in all respects preferable is a land-line along the south coast of Arabia joining Suakin with Karachi through Aden and Muscat.

From London to Egypt there is both cable and land-line communication.

Without assuming that Great Britain's proposals will

Cable rates  
and land line  
rates.

Classification  
of traffic.

Best route  
from east to  
west.

be accepted in full by Turkey it is very probable that a large reduction will be made on the land-line route between England and Egypt, and that the cable will also make a reduction.

A telegram from London for Bombay might reach Egypt by land-line for 7d., and by cable for 1s.

It would then follow the Egyptian and Anglo-Sudan lines for 5d.

The proposed new line would start from Suakin. It would cross the Red Sea by a short cable and follow the coast to Aden.

From Aden to Muscat the new line would follow the coast and at Muscat it would cross the Persian Gulf and join the Indian Government line at Jask.

The Suakin-Jask section might at first take a 9d. rate, and the Jask-India section 3d. making a total rate from England to India of 2s.

This route would enjoy all the advantages of an All-British route.

The country between Aden and Muscat, as it has been described and as my enquiries have informed me, is a good country for a telegraph line. There is no snow to break the wires, nor salt marshes to corrode the wires and poles. It resembles very closely the country

through which the Indian Government lines pass between Karachi and Jask.

It is a sort of no-man's-land where the men of property are British subjects, Parsees from Bombay, and others. There are nomad Arabs, whose chief receives a subsidy from England, as do many Baluch chiefs; and who supply a regiment to the Nizam of Hyderabad, much as the wandering Baluchis supply troops to India. Rupees are the currency near Aden and dollars near Muscat. There are high cool places with fresh water for stations.

The material could be cheaply distributed by boat; and, just as in the Persian Gulf, the line would be under the guns of men-of-war patrolling for slave-traders.

Such a line would join to India a province which is already commercially a dependency of India.

It would be free from entangling agreements and conventions, the number of conductors could be readily increased, and it would be easy to construct, and easy to maintain.

1,000 words daily at 9d. per word would represent £11,000 per annum.

13th September, 1901.

ERNEST A. FLOYER.

SECOND NOTE BY ERNEST A. FLOYER, submitted to the Committee on Cable Communication.

On reading my first note the President invited me to examine whether a hostile view could not be enforced to the effect that my plan of a line through Suakin to Karachi was an infringement of the Joint Purse Agreement or of some other Convention.

It is possible that the laying of a cable from Suakin by Egypt would be an infringement of Art. 7 of the 1884 Agreement.

This was the view held in 1896, and it is possible that it might be maintained, though, on the other hand, it might be urged that the demand for cheap international rates, and the development to be referred to later, have created the circumstances foreseen in the words "Unless such cables shall be found necessary in the public interest," etc.

But this view by no means interfered with the project of a land line from Egypt to Bombay. To escape the difficulty, it is only necessary to carry the new land-line on through Jeddah, up the Red Sea coast, to Suez. The line is the better and the cheaper for not crossing the Red Sea by a cable. Egypt gets a share of the receipts as before; only the Sudan is omitted.

Yet the exclusion of the Sudan does not seem final. The power of veto on a new cable would be exercised to prevent the construction of the proposed land-line. When it was found that the veto in no way effected this object, it would perhaps be withdrawn, and the Eastern Company would prefer to lay the cable from Suakin.

And to the Sudan lines, now closed at Suakin, the existing Jeddah-Suakin cable would be open, and Jeddah would be joined through Aden with the rest of the world.

I believe, however, that the difficulty in the mind of the President was perhaps as follows: That Great Britain's good faith binds her at present to refuse to employ any route cheaper than that of to-day.

Even if the countries intervening between Great Britain and India should offer, say, a one shilling transit rate, Great Britain would be obliged to insist on paying four shillings.

In this case the machinery has yet to be devised which would prevent Reuter, or private enterprise in some form, from establishing agents (as in '69) at either end of the transit line, and collecting and distributing telegrams in Europe and the East.

An ample and cheap telegraph transport between East and West is such an interesting problem that I will venture to submit to the Committee this further note.

The difficulties in obtaining sanction for a reduction of rate are, perhaps, very great. It is in the hands of Germany, Russia, and of private companies that Great Britain has placed the decision as to what shall be the cost of telegraphing to her great dependency and to other lands in the Far East.

So far there has been no great inducement to wrest this power from them.

Until recently it was thought that the present rates were satisfactory. Lately has arisen a proposal for a reduction of, say, 50 per cent.

A two-shilling or a half-crown rate forms, however, no great inducement for action. Its advocates may have found voice in Parliament, and such advocacy is popular. But I do not think anyone who has studied tariffs would expect a great increase of traffic from such a reduction.

But to convert the East and West transport from a costly convenience to a busy trade route would be a splendid prize, and the prospect of such a possibility would form a very strong inducement to try and recover freedom of action even at great cost.

There seems to be probability of sufficient traffic to support a shilling rate, and to pave the way for a six-penny rate.

It is impossible to exaggerate the importance of modern developments in land-line telegraphy. They are now well established. The results obtained to-day are likely to form steps for further progress. No one will say when this is likely to stop.

In my first note I quoted for land-line transport 100 words per minute over 1,000 miles. These were the results obtained by the Indian Government before April, 1900. By the courtesy of Mr. Finch I am able to state that at the time of writing the Indian Governments are working 90 words a minute over 2,286 miles.

Such a traffic, if maintained for ten hours daily, would, at 1d. per word for 2,000 miles, earn £70,000 per annum per 2,000 miles.

By one hour of such traffic each 2,000 miles of land-line would earn at 1d. a word £7,000 per annum.

I have sought to show what a prize awaits the success of efforts to recover freedom of action, and there are, in the great development of land-line transport, while cable transport stands still, other aspects which deserve study. Two points are as follows:—

The problem of the future is not how to condense telegrams, but how to fill a single wire.

Cable and land-line transports can no longer be treated on the same footing. And for the encouragement and conservation of cables, so necessary to Great Britain, it will no longer be advisable to maintain high rates on competing land-lines, thus reducing land-lines to the level of cables and leaving barren the magnificent results obtained in India.

The land-line project which I have studied and now advocate is at present free from complications. The line passes through a suitable climate and over a suitable country. It can be cheaply constructed, having steamer and boat transport throughout its length. It can be cheaply maintained, for the small chiefs along the coast would, as in the Persian Gulf, draw a small revenue from it while it remained in good order. Lastly, it can be easily defended by H.M.'s gunboats.

In conclusion, I beg to express my sense of the courtesy with which my suggestions have been received by the Committee.

29th October 1901.

ERNEST A. FLOYER.



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**OFFICE (EAST INDIA, CHINA, AND AUSTRALIA  
MAILS).**

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RETURN to an Order of the Honourable the House of Commons,  
dated 19 August 1907;—for,

COPY of CONTRACT, dated the 7th day of August 1907, between  
the POSTMASTER GENERAL and the PENINSULAR AND ORIENTAL STEAM  
NAVIGATION COMPANY, for the conveyance of the EAST INDIA, CHINA,  
and AUSTRALIA MAILS for the period from the 1st day of February  
1908 to the 31st day of January 1915, together with a copy of the  
Treasury Minute thereon, dated the 15th day of August 1907.

3

Treasury Chambers, }  
19 August 1907. }

WALTER RUNCIMAN.

(*Mr. Runciman.*)

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*Ordered, by The House of Commons, to be Printed,  
19 August 1907.*

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E. PONSONBY, 116, GRAFTON STREET, DUBLIN.

POST OFFICE (EAST INDIA, CHINA, AND AUSTRALIA MAILS).

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COPY of CONTRACT, dated the 7th day of August 1907, between the POSTMASTER GENERAL and the PENINSULAR and ORIENTAL STEAM NAVIGATION COMPANY, for the conveyance of the EAST INDIA, CHINA, and AUSTRALIA MAILS for the period from 1st February 1908 to 31st January 1915, together with a copy of a Treasury Minute thereon, dated the 15th day of August 1907.

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TREASURY MINUTE, dated 15th August 1907.

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My LORDS have before them a contract dated the 7th August 1907, between the Postmaster General and the Peninsular and Oriental Steam Navigation Company for the conveyance of the East India, China, and Australia Mails.

They have also referred to the contract for a similar service dated the 25th May 1897 (House of Commons Paper 259 of 1897) which was continued, with certain modifications, by the supplemental contract dated 25th July 1904 (House of Commons Paper 328 of 1904).

As explained in the Treasury Minute of 2nd August 1904, the supplemental contract continued the existing arrangement with the Company, subject to certain alterations, for a period of three years from the 1st February 1905 to the 31st January 1908; but power was reserved to the Postmaster General to extend the period to either five or seven years, *i.e.*, until either the 31st January 1910 or the 31st January 1912. Provision was also made—

- (1) for an acceleration of the service by 24 hours each way (subject to an extension of the south-west monsoon allowance from 24 hours to 36);
- (2) for an increase [in the yearly subsidy from 330,000*l.* to 340,000*l.*; the latter sum being, however, subject to reduction to 330,000*l.* or 315,000*l.*, with retrospective effect for the whole period, in the event of the extension of the contract to five or seven years respectively.

I. In view of the recommendations of the Eastern Mail Service Committee, of which Mr. Evelyn Cecil, M.P., was chairman (Cd. 2082 of 1904), the form of tender for a new service was carefully considered. It was decided to adopt the suggestion of competitive tenders, not only for through services, but for each of the component sections (sec. 6 of the Committee's Report), and the tender forms followed generally the lines of the Appendix A attached to the Report—Sections A. II. and B. IV. being, however, omitted.

In the event this procedure did not fulfil the object of securing competition. The only responsible tender received was that of the Peninsular and Oriental Steam Navigation Company, which was for a single connected service, to be worked under a single contract, mainly on the lines of the existing contract, but (as explained below) with increased speed and a reduced subsidy. The Directors were unwilling to make any partial tenders, or to name any price at which they would be prepared to increase the speed to and from Bombay after the expiration of three years of the new service.

The offer as regards subsidy was to accept for seven years from 1st February 1908 an annual sum of 305,000*l.* (thus reducing by 10,000*l.* a year the lowest payment possible under Clause 3 of the interim contract); to make a further reduction of 10,000*l.* a year if it were decided to dispense with sea-

Whereas the contract of 1904 provided for a stop at Hong Kong of 24 hours on the outward voyage and of 30 hours on the homeward voyage, the new contract provides for a stop of 24 hours in both cases.

Provision is made in both contracts for an additional allowance of 48 hours (outwards) during the north-east monsoon season and 36 hours (homewards) during the south-west monsoon season).

*Brindisi and Adelaide.*

	Contract of 1904. Hours.	New Contract. Hours.
Out } Home }	662	{ 638 { 650

(Provision is made in both contracts for a stop at Colombo for such period as may be necessary for delivering, &c., mails, and in no case for less than the period (not exceeding 24 hours) appointed by the Postmaster General, and also for an additional allowance of 36 hours on the homeward voyage during the south-west monsoon season.

Whereas the contract of 1904 provides for a stop of six hours (on both voyages) at Albany or Fremantle, the new contract provides for stops of three hours at Aden and six hours at Fremantle).

Under the new contract the average speeds at sea are calculated by the Post Office to be as follows :—

Brindisi to Bombay	-	-	-	-	16·05 knots.
Brindisi to Shanghai	-	-	-	-	14·48 „
Brindisi to Adelaide	-	-	-	-	15·16 „
Bombay to Brindisi	-	-	-	-	16·05 „
Shanghai to Brindisi	-	-	-	-	14·08 „
Adelaide to Brindisi	-	-	-	-	14·85 „

3. *Clause 33.*—The Company agree not to give any undue preference in their general carrying business to the disadvantage of British shippers,

4. *Clause 41.*—The master and officers and at least three-fourths of the crew of every mail-ship, and a majority of the board of directors of the Company, are to be British subjects.

III. In addition the following variations have been made in the Agreement :—

1. *Clauses 1 and 34 (2).*—The restriction of parcels to a maximum weight of 11 lbs. is removed.
2. *Clause 3 and First Schedule.*—The port of Albany is omitted.
3. *Clause 23.*—The Company may not exercise a lien upon the mails for general average contribution.
4. *Clause 31 and Second Schedule.*—The schedule applies to all the steamships of the Company and not only to the mail-ships on the Indian and China sections.
5. *Clause 32.*—No reference is made to Admiralty Subvention Agreements which have now lapsed.
6. *Clause 35 (2).*—Certain penalties for default are in future to be not lower in the case of Adelaide than in the case of Brindisi, Bombay, and Shanghai.
7. *Clause 36.*—In the event of sorting accommodation and conveyance of sorting officers not being required, the deduction from the subsidy is to be 10,000*l.* (instead of 7,500*l.* in respect of Mail Route No. 1 and 1,000*l.* in respect of Mail Route No. 2).
8. *Clause 46.*—Further provision is made regarding arbitration.

The other provisions of the contract are substantially unaltered. The penalty for failure to start a boat or train at the appointed time is fixed at 500*l.*, with a further penalty of 100*l.* for every 24 hours' delay (Clause 35 (2)). The penalty for late arrival in either direction is fixed at 100*l.* for every 12 hours as between Brindisi and Bombay or Brindisi and Shanghai; or of 24 hours as between Brindisi and Adelaide (Clause 35 (3)). The Company may not underlet the Agreement, or any part of it, without the consent of the Postmaster General (Clause 42).

My Lords approve of the terms of the contract, which, compared with the current contract, provides an improved service in return for a lesser subsidy.

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HIS MAJESTY'S POSTMASTER GENERAL

AND

THE PENINSULAR AND ORIENTAL  
STEAM NAVIGATION COMPANY.

---

EAST INDIA, CHINA, AND  
AUSTRALIA MAILS.

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**CONTRACT.**

**Articles of Agreement** under seal made and entered into this seventh day of August One thousand nine hundred and seven Between THE RIGHT HONOURABLE SYDNEY CHARLES BUXTON M.P. His Majesty's Postmaster General (hereinafter called "the Postmaster General" in which term his successors in the office of His Majesty's Postmaster General for the time being shall be deemed to be included) on behalf of His Majesty of the one part and THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY whose office is situate at 122 Leadenhall Street in the City of London (hereinafter called "the Company" in which term their successors and permitted assigns shall be deemed to be included) of the other part.

THESE PRESENTS WITNESS that in consideration of the matters hereinafter appearing it is hereby agreed and declared between and by the parties hereto and the Postmaster General (as to the covenants agreements and stipulations hereinafter contained on his part) doth hereby

covenant and agree with the Company and the Company (as to the covenants agreements and stipulations hereinafter contained on their part) do hereby covenant and agree with the Postmaster General in manner following (that is to say):—

#### INTERPRETATION OF TERMS.

Interpretation of terms.

1. For all the purposes of this Agreement—

The term "mails" means and includes all bags boxes baskets or packages of letters and all other articles for the time being transmissible by post (including parcels) without regard either to the country or place to which they may be addressed or to the country or place in which they may have originated and also all empty bags boxes baskets or other receptacles and all stores and other articles used or to be used in carrying on the Post Office service.

The term "postal packet" means any article for the time being transmissible by post and includes a parcel.

The term "parcel" means a parcel within the meaning of the Post Office (Parcels) Act 1882.

The term "mail-ship" means a vessel provided for the conveyance of mails under this Agreement.

The term "Adelaide" means the signalling station (known as "Adelaide Semaphore") at or off the port of the City of Adelaide in South Australia.

The term "the Admiralty" means the Commissioners for the time being for executing the office of Lord High Admiral of the United Kingdom.

#### SERVICES TO BE PERFORMED.

Company to convey mails on Mail Routes.

2.—(1) Subject to the provisions of this Agreement the Company shall during the continuance of this Agreement at their own costs and charges in all respects convey by means of mail-ships all mails which the Postmaster General or any of his officers or agents shall from time to time and at any time or times require to be conveyed—

- (a) between Brindisi and Bombay and
- (b) between Brindisi and Shanghai and
- (c) between Brindisi and Adelaide and
- (d) between all other ports from which the mail-ships shall start or at which they shall call or arrive under the provisions of this Agreement or for the purposes of the Company.

(2) All such mails shall be conveyed at the respective intervals of time and on the three several routes specified in the First Schedule hereto (which routes are hereinafter referred to as "Mail Routes").

(3) For the purpose of this Clause of this Agreement the postal authorities of the several Possessions or Colonies of India Ceylon Western Australia South Australia Victoria New South Wales the Straits Settlements and Hong Kong and their respective officers and agents shall unless and until the Postmaster General shall give notice to the Company to the contrary be deemed the agents of the Postmaster General.

Mode of conveyance.

3.—(1) Subject to the provisions of this Agreement one of the mail-ships shall at such intervals as are specified in the First Schedule hereto in the case of each Mail Route put to sea from the port or place of departure on each of the said Routes at such day and hour as the Postmaster General shall from time to time appoint or so soon after such day and hour as the mails are embarked on board such mail-ship and the mails conveyed by such mail-ship shall be delivered at the several ports or places of call and at the port or place of destination on the said Route in the order indicated in the said Route and shall be delivered at the port or place of destination on the said Route at such day and hour as the Postmaster General may from time to time appoint.

(2) The days hours and times of departure and arrival in this Clause referred to may be appointed by the Postmaster General either by a time table or time tables to be from time to time approved by him or in such other manner as he shall think fit.

Mail-ships on Mail Route No. 3 to ply between the United Kingdom and Brindisi and between Adelaide Melbourne and Sydney.

4.—(1) Subject to the provisions of this Agreement each of the mail-ships employed on Mail Route No. 3 shall on every outward voyage start from a port in the United Kingdom and after the due delivery at Adelaide of the mails intended to be delivered at that port continue her voyage to Melbourne and thence to Sydney and (subject as aforesaid) each of such mail-ships shall on every homeward voyage commence her voyage at Sydney (calling at Melbourne on the route to Adelaide) and after the due delivery of the mails at Brindisi (either by the same mail-ship or by some other mail-ship to which such mails shall have been transferred) continue her voyage to a port in the United Kingdom whether any mails may or may not be required to be conveyed in any such mail-ship from or to the United Kingdom or to or from Melbourne or Sydney on any such voyage.

(2) The times at which the mail-ships shall start from or arrive at the port of departure or arrival in the United Kingdom Melbourne and Sydney and the rate of speed of the mail-ships between the United Kingdom and Brindisi and between Adelaide Melbourne and Sydney shall be fixed by the Company at their discretion but not so as to affect the period of transit between Brindisi and Adelaide hereinafter referred to.

Period of transit on  
Mail Route No. 1.

5.—(1) Subject to the provisions of this Agreement all mails to be conveyed under the provisions of this Agreement upon Mail Route No. 1 shall be conveyed in either direction between Brindisi and Bombay within a period of 270 hours (hereinafter referred to as the "period of transit").

(2) The mail-ships shall stop on both the outward and homeward voyages at Aden for 3 hours and no less.

(3) During the prevalence of the south-west monsoon the period of transit from Bombay to Brindisi shall be extended by 36 hours.

Period of transit on  
Mail Route No. 2.

6.—(1) Subject to the provisions of this Agreement all mails to be conveyed under this Agreement on Mail Route No. 2 shall be conveyed—

From Brindisi to Shanghai within a period of 678 hours and from Shanghai to Brindisi within a period of 694 hours (each of which periods is hereinafter referred to as the "period of transit").

(2) The mail-ships shall stop at each of the following ports for the following periods respectively on both the outward and homeward voyages (that is to say):—

At Aden 3 hours.  
At Colombo 24 hours.  
At Penang 6 hours.  
At Singapore 24 hours.  
At Hong Kong 24 hours.

(3) During the prevalence of the north-east monsoon the period of transit from Brindisi to Shanghai shall be extended by 48 hours and during the prevalence of the south-west monsoon the period of transit from Shanghai to Brindisi shall be extended by 36 hours.

Period of transit on  
Mail Route No. 3.

7.—(1) Subject to the provisions of this Agreement all mails to be conveyed under this Agreement on Mail Route No. 3 shall be conveyed from Brindisi to Adelaide within a period of 638 hours and from Adelaide to Brindisi within a period of 650 hours (each of which periods is hereinafter referred to as the "period of transit").

(2) The mail-ships shall stop on both the outward and homeward voyages at Aden for 3 hours and no less and at Fremantle for 6 hours and no less and at Colombo for such period as may be necessary for the purpose of delivering receiving transferring transshipping or exchanging mails and in no case for less than the period (not exceeding 24 hours) appointed by the Postmaster General in that behalf.

(3) During the prevalence of the south-west monsoon the period of transit from Adelaide to Brindisi shall be extended by 36 hours.

Calculation of periods of transit.

8.—(1) Each period of transit shall be deemed to commence so soon after the time appointed by the Postmaster General for the departure of the mail-ship from the port or place of departure or after the completion of the embarkation of the mails intended to be thereby conveyed (whichever shall last happen) as having regard to practical considerations the anchor of such mail-ship can be weighed or the mail-ship can be loosed from her moorings and each such period of transit shall be deemed to have been completed when the mail-ship has arrived and been anchored or moored in some position at the port or place of destination from which the mails can be conveniently disembarked.

(2) In any case in which any outward or homeward voyage may be performed by more than one mail-ship the period of transit shall be reckoned from the commencement of the voyage of the mail-ship by which the first part of the conveyance shall be performed to the completion of the voyage of the mail-ship by which the last part of the conveyance shall be performed.

(3) Each period of transit shall include the time allowed for all stoppages of the mail-ships at intermediate ports including the stoppages hereinbefore prescribed.

(4) As regards Mail Route No. 1 in determining the commencement of the period of transit the arrival of the last of the small steamships hereinafter mentioned with the mails on board alongside the mail-ship shall be substituted for the completion of the embarkation of the mails and in determining the completion of the period of transit the arrival of the first of such small steamships alongside for the purpose of receiving the mails shall be substituted for the arrival and anchorage or mooring of the mail-ship.

(5) The times of commencement and completion of each period of transit shall be ascertained and recorded and all calculations in connection therewith shall be made by officers of the Postmaster General in pursuance of arrangements to be from time to time made by him for the purpose and the decision of the Postmaster General as to all questions relating to periods of transit shall be final and conclusive.

Power to delay departure of mail-ships.

9. Should it be deemed by the Postmaster General his officers or agents requisite for the public service that any mail-ship should at any time or times delay her departure from any port from which the mails are to be conveyed under this Agreement beyond the time appointed or fixed for her

departure therefrom the Postmaster General or any of his officers or agents shall have power to order such delay (not however exceeding 24 hours) by letter addressed to the master of any such mail-ship or any person acting as such and such letter shall be deemed a sufficient authority for such detention and in any such case such addition shall be made to the period of transit during which such detention shall take place as the Company may prove to be equal to the delay caused by such detention.

Power to Company to convey mails in the same mail-ship or in branch mail-ships. Time tables on the mail routes to correspond.

10.—(1) The Company shall be at liberty to convey on any Mail Route all or any of the mails hereby agreed to be conveyed in one and the same mail-ship or by branch mail-ships over any part of the Mail Routes on any outward or homeward voyage and the time table on the Mail Routes shall be so arranged that the services shall be in correspondence both on the outward and homeward voyages.

(2) Notwithstanding anything in the last preceding sub-clause the mails shall be conveyed on Mail Route No. 2 by one and the same ship in both directions between Colombo and Hong Kong and such ship shall call at the several ports or places between Colombo and Hong Kong mentioned in the First Schedule hereto in relation to the said Route.

(3) Provided nevertheless that the provisions hereinbefore contained as to the conveyance of mails upon each of the Mail Routes and in particular as to the periods of transit shall not in any case be in anywise altered or affected by or in consequence of the exercise by or on the part of the Company of any power contained in this Clause or otherwise by the operation of this Clause.

#### CHARACTER OF MAIL-SHIPS AND CONDITIONS OF MAIL SERVICE.

Character of mail-ships.

11. Every mail-ship shall be a good substantial and efficient steamship of adequate power and speed and supplied with first rate appropriate steam engines and shall be in all respects suited to the performance of the services herein agreed to be performed within the respective times herein stipulated and shall be provided and kept by the Company seaworthy and in complete repair and readiness to the satisfaction of the Postmaster General.

Equipment and manning of mail-ships.

12. Every mail-ship shall be always properly and sufficiently equipped in all respects so as to render her constantly efficient for the said services and safe for the conveyance of mails and shall be manned with a sufficient number of competent officers engineers' assistants and crew and with a competent surgeon.

Inspection of mail-ships  
and their equipment,  
officers, &c.

13. Every mail-ship and the equipment officers engineers and crew thereof shall be subject at all times to the inspection of the Postmaster General or of such person or persons as he shall at any time or times authorise to make such inspection.

Power to declare mail-  
ship unfit.

14.—(1) If the Postmaster General shall at any time consider any mail-ship unfit for service under this Agreement he may require the Company to show cause why such mail-ship should not be withdrawn from the service and unless the Company shall forthwith show cause to the contrary to the satisfaction of the Postmaster General he may declare such mail-ship to be unfit for service under this Agreement and after such declaration shall have been made the Company shall not employ such ship in the performance of this Agreement.

(2) In order to determine whether the Postmaster General shall be justified in declaring any mail-ship unfit for service or whether the Company shall be able to show cause to the contrary a special examination may be made of the hull and machinery of any such mail-ship by such person or persons as may be appointed for that purpose by the Postmaster General.

Mail and sorting  
rooms.

15.—(1) The Company shall at their own cost and to the satisfaction of the Postmaster General provide the following accommodation for the mail service (that is to say) :—

- (a) On each of the mail-ships a separate suitably ventilated and convenient place of deposit for the mails under lock and key.
- (b) Between Port Said and Bombay on each of the mail-ships employed on Mail Route No. 1 a room of suitable dimensions on the upper deck with the necessary fittings for the purpose of sorting and making up the mails with such additional space as may be reasonably required for the same purpose ; such space to be well ventilated and lighted and exclusively reserved for the sorting and making up of the mails.
- (c) Between Penang and Shanghai on each of the mail-ships employed on Mail Route No. 2 a room of suitable dimensions on the main or upper deck with the necessary fittings for the purpose aforesaid with such additional space in the fore part of the main deck as may be reasonably required for the same purpose such space to be well ventilated and lighted.



(2) Every such room shall be provided by the Company with all such furniture lamps fittings and other conveniences as shall be necessary or convenient for the purpose of sorting and making up the mails and all such furniture lamps fittings and other conveniences shall be from time to time cleansed and kept in repair and the oil for the lamps shall be supplied by the servants and at the cost of the Company.

(3) The services of the crew of every mail-ship shall from time to time be given in the conveyance of the mails between the mail-room and the sorting room or rooms.

Mail-ships to convey Officers.

16.—(1) Proper accommodation and mess shall be provided on board every mail-ship between Port Said and Bombay between Penang and Singapore and between Singapore and Shanghai for an officer in the service of the Post Office to take charge of the mails and also for such a number of officers in the service of the Post Office as shall be reasonably required for the purpose of sorting and making up the mails.

(2) The said officers in charge of the mails shall be victualled and otherwise treated as chief cabin passengers and the other officers in the preceding sub-clause mentioned as fore cabin passengers and all the officers in this clause mentioned shall be allowed to remain on board during the stay of the mail-ship at Aden or at any place between Port Said and Aden or between Penang and Shanghai.

Mail officers to be conveyed on shore.

17. At each port or place where the mails are to be delivered and embarked the officer having charge of mails shall whenever and as often as by him shall be deemed necessary for the public service be conveyed on shore and also from the shore to the mail-ship either with or (if such officer shall consider it necessary for the purposes of this Agreement) without the mails in a suitable and seaworthy boat of not less than four oars to be furnished with effectual covering for the mails and properly provided manned and equipped by the Company.

Landing and embarkation of mails.

18.—(1) The Company shall at their own cost land deliver and embark the mails at all ports or places at which the mails are to be landed delivered and embarked and shall accordingly at their own costs provide suitable means and proper assistance for and shall be responsible for the due landing delivery and embarking of the mails.

(2) The Company and all commanding and other officers of the mail-ships and all agents seamen and servants of the Company shall at all times punctually attend to the orders

and directions of the Postmaster General his officers or agents as to the mode time and place of landing delivering and embarking the mails and shall at all times protect the mails to the utmost of their power.

(3) The Company shall provide at Aden and Bombay such small steamships as may be required for landing embarking and transhipping the mails with due despatch at each of the said places and such steamships respectively shall be so constructed as to be able at all states of the tide to land and embark the mails at the said places respectively and the Company shall at all times keep such steamships in complete repair and ready for landing and embarking the mails accordingly.

Masters of mail-ships  
to take charge of mails  
when required.

19.—(1) The master or commander of each of the mail-ships shall whenever required by the Postmaster General his officers or agents so to do without any remuneration other than the subsidy payable to the Company under this Agreement take charge of the mails conveyed or intended to be conveyed by such mail-ship and shall adopt all necessary measures and precautions for the safety of the mails to the satisfaction of the Postmaster General his officers and agents.

(2) Each of such masters or commanders shall make the usual declaration or declarations required or which may hereafter be required by the Postmaster General in such and similar cases and furnish such journals returns and information to and perform such services as the Postmaster General his officers or agents may require.

(3) Every such master or commander or the officer duly authorised by him having charge of mails shall himself immediately on the arrival of the mail-ship at any port or place deliver all mails for such port or place into the hands of the Postmaster of such port or place or of such other person at such port or place as the Postmaster General shall authorise to receive the same and shall in like manner receive all the return or other mails to be forwarded in due course.

Additional conveyance  
of mails by Company.

20.—(1) The Company shall during the continuance of this Agreement (in addition to the services hereinbefore contracted to be performed by them and without any payment other than the subsidy hereinafter specified) convey by any steamship of the Company performing any service undertaken by the Company for their own purposes all mails which the Postmaster General or any of his officers or agents shall from time to time require to be conveyed.

(2) The mails shall be conveyed by any such steamship as in this Clause mentioned to and be delivered at any port

or place to which such steamship shall sail and for which such mails are intended.

(3) Provided that (except as regards the payment for the services to be rendered by the Company under this Clause) no such steamship shall be deemed to be a mail-ship within the meaning of this Agreement and nothing contained in this Agreement shall impose on the Company with respect to the embarking delivering and conveyance of any mails which are to be conveyed by the Company under this Clause any obligations in excess of those now imposed by the law of England on the master of a vessel with respect to the embarking delivering and conveyance of letters received by him on board his vessel.

Company to undertake sanitary and quarantine arrangements.

21. The Company shall undertake and make all necessary and proper arrangements in connection with any statutory regulations of the Local Government Board relative to public health or in connection with quarantine which may be required in respect of the mail-ships or any other steamships of the Company carrying mails under this Agreement and no deduction shall be made from the subsidy payable under this Agreement nor shall the Company be otherwise liable for or by reason of any delay in the landing embarkation delivery or conveyance of any mails arising from the observance of any such regulations or the imposition of quarantine.

Explosives.

22.—(1) Nothing in this Agreement shall exempt the Company or any mail-ship or other steamship of the Company from the operation of any Act of Parliament Order in Council bye-law or other provision of the law in relation to explosives.

(2) The Company shall not convey in any mail-ship any article which in the opinion of the Postmaster General is likely to endanger the mails.

Lien.

23. The Company shall not attempt to exercise any lien upon the mails for or in respect of a general average contribution.

Company to be responsible for loss or damage of parcels or registered postal packets.

24. The Company shall be responsible for the loss or damage of any parcel or of any registered postal packet of any kind conveyed or tendered for conveyance under this Agreement (unless such loss or damage be caused or occasioned by act of God the King's enemies pirates restraints of princes rulers or people jettison barratry fire collision or perils or accidents of the seas rivers and steam navigation provided that the expression "barratry" shall not be deemed to include any unlawful act in respect of the

mails on the part of the master or officer having charge thereof) and in the event of any such loss or damage (except as aforesaid) the Company shall be liable to pay to the Postmaster General in respect of each parcel or registered postal packet so lost or damaged (subject to the proviso next hereinafter contained) such sum of money as shall be equal to the amount which may have been awarded and paid by the Postmaster General at his sole option and discretion (and though not under any legal obligation) to the sender or addressee of such parcel or registered postal packet as compensation for the loss or damage thereof PROVIDED that such sum shall not in any case exceed 1*l.* per parcel or 2*l.* per registered postal packet.

Company not to convey letters other than the mails.

25. The Company shall not nor shall any master or commander of any mail-ship receive or permit to be received on board any mail-ship for conveyance thereby any letters other than those which are required or expressly permitted to be carried under this Agreement and any such letters as are not required by law to pass through the Post Office nor shall the Company or any such master or commander receive or permit to be received on board any mail-ship for conveyance thereby any mails on behalf of any colony or foreign country without the consent of the Postmaster General and the entire postage of all mails conveyed by any mail-ship under this Agreement shall in all cases (as between the Postmaster General and the Company) belong to the Postmaster General and shall be absolutely free from all claims or demands whatever of or by the Company under or by virtue of this Agreement or otherwise.

#### MODIFICATION OF SERVICES.

Power to Postmaster General to alter times of departure and arrival.

26. If at any time or times the Postmaster General shall for any reason whatever desire to alter the particular days times or hours of departure from and arrival at the terminal ports of departure and destination respectively on each of the Mail Routes he shall (subject and without prejudice to the provisions of Clause 10 hereof) give to the Company three calendar months' notice in writing of such desire.

Power to Postmaster General to substitute another European port or a port in United Kingdom for Brindisi.

27.—(1) If at any time the Postmaster General shall deem it necessary or expedient in the public interest to substitute for Brindisi as the port or place for the commencement and termination of the respective outward and homeward services under this Agreement another port on the continent of Europe or in the United Kingdom the Company shall on receiving reasonable notice from the Postmaster General to that effect convey the mails to and

from such other port or place in substitution for Brindisi and this Agreement shall in respect of the services to be rendered by the Company be read and construed as if the name of such other port or place on the Continent of Europe or in the United Kingdom appeared throughout the same in lieu of the word Brindisi.

(2) In the event of such substitution as hereinbefore mentioned the several periods of transit shall be respectively liable to be increased or diminished to such an extent as shall be agreed upon between the Postmaster General and the Company or failing such agreement as shall be determined by arbitration and the subsidy payable hereunder shall be liable to be increased or diminished in such manner as (having regard to all the circumstances of the case and particularly to any expense or loss incurred or to any risk run by or any advantage accruing to the Company in consequence of such substitution) shall be agreed upon between the Postmaster General and the Company or failing agreement shall be determined by arbitration.

Power to Postmaster  
General to substitute  
Cape route for route  
via Suez Canal.

28.—(1) If at any time or times the Postmaster General shall deem it necessary or expedient in the public interest that all the mails to be conveyed upon all the Mail Routes shall be conveyed from the United Kingdom by way of the Cape of Good Hope or Cape Horn instead of by way of the Suez Canal the Company on receiving reasonable notice from the Postmaster General to that effect shall in lieu of the services hereinbefore contracted to be performed convey the mails by means of mail-ships by way of the Cape of Good Hope or Cape Horn from and to such port in the United Kingdom as may be agreed upon between the Postmaster General and the Company or in default of agreement be determined by arbitration to and from the terminal ports or places upon each of the outward Mail Routes serving as far as practicable the several places or ports of call on each Mail Route.

(2) In such case the mails shall be conveyed at such rates of speed and on such other conditions as may be agreed upon between the Postmaster General and the Company or in default of agreement may be determined by arbitration.

(3) All the provisions of this Agreement with reference to the services to be performed by the Company shall (so far as the same are applicable) apply to the embarking conveying landing and delivery of the mails under the provisions of this Clause.

(4) The Postmaster General shall not in respect of the substituted service in this Clause mentioned make any additional payment to the Company unless by reason of the

performance of such substituted service and on no other account the Company shall sustain a loss of general revenue or incur expenses exceeding the expenses incurred in the conveyance of the mails to and from Brindisi under the provisions of this Agreement.

(5) Should any such loss or additional expenses as last aforesaid be incurred or sustained by the Company the Postmaster General shall pay to the Company in addition to the said subsidy such sum of money as may be agreed upon between him and them or failing such agreement as shall be determined by arbitration and upon such arbitration due regard shall be had to the respective interests of the Company and the Postmaster General in the performance of the voyage or voyages of any mail-ship by which the mails shall have been conveyed under the provisions of this Clause.

**Mode of exercise of powers under the last two preceding Clauses.**

29. The powers conferred upon the Postmaster General by the last two preceding Clauses may be exercised in relation to a temporary or a permanent change of route or of port (as the case may be) and in the case of a temporary change may be exercised as often as the Postmaster General deems it expedient and the Postmaster General may in his notice requiring the change specify the period during which such change shall take effect or require such change to be made until further notice and at the expiration of the time limited by the Postmaster General or upon receiving reasonable notice from the Postmaster General to that effect (as the case may be) the Company shall revert to the original route or port (as the case may be).

**Power to modify services.**

30.—(1) If at any time or times the Postmaster General shall desire to modify (otherwise than as aforesaid) the services hereby agreed to be performed (as for example to increase or decrease the frequency of the conveyance of the mails between any of the ports or places to or from which the mails are to be conveyed under this Agreement or to extend the conveyance of the mails to any other ports or places not specified in this Agreement or to discontinue the conveyance of such mails to or from any port or place specified in this Agreement) he shall be at liberty so to do on giving reasonable notice to the Company and from and after the expiration of any such notice the modified services thereby required to be performed shall be accordingly performed by the Company in lieu of the services hereby agreed to be performed and in any and every such case if such notice cause an increase of the services hereby agreed to be performed the Postmaster General shall in respect of such increase pay to the Company in addition to the subsidy hereinafter specified such sum of money as may be agreed upon between the

Postmaster General and the Company or failing such agreement as shall be determined by arbitration or if such notice cause a decrease of the services hereby agreed to be performed the Postmaster General shall in respect of such decrease deduct from the said subsidy such sum of money as may be agreed on as aforesaid or failing such agreement as shall be determined by arbitration.

(2) The particular days times and hours of departure from and arrival at any ports or places or of other services (if any) which may be appointed under this Clause shall for the time being be deemed to be the days times and hours of departure and arrival of the mail-ships and of other services under this Agreement and shall be observed and kept by the Company accordingly.

#### ADMIRALTY CLAUSES.

Clauses in Second Schedule to bind Company.

31. During the continuance of this Agreement the several stipulations and agreements specified in the Second Schedule hereto shall be binding on the Company.

Power to Admiralty to purchase or charter the mail-ships.

32.—(1) The Admiralty shall at any time during the continuance of this Agreement if they shall consider it necessary for the public interest so to do have power and be at liberty to purchase all or any of the mail-ships at a valuation or to charter the same exclusively for His Majesty's service the value or rate of hire to be mutually fixed and agreed on by them and the Company or in case of difference to be determined by arbitration.

(2) In the case of such purchase or hire the services hereby contracted to be performed shall be performed by other steamships of the Company of a similar description to the mail-ships purchased or hired if the Company can in due and proper time furnish such steamships.

(3) In the event of the Company being allowed by the Postmaster General to continue to perform only a portion of such services there shall be paid to the Company such annual sum of money as shall be agreed upon between the Postmaster General and the Company and in case of their differing as to the amount the difference shall be determined by arbitration.

#### PREFERENCE.

No undue preference to foreigners.

33. The Company agree not to give any undue preference in their general carrying business to the disadvantage of British shippers.



## SUBSIDY AND DEDUCTIONS.

Subsidy.

34.—(1) In consideration of the covenants and agreements herein contained and on the part of the Company to be observed and performed and of the due and faithful performance by the Company of all the services under this Agreement there shall be payable to the Company during the continuance of this Agreement (out of such aids or supplies as may from time to time be appropriated by Parliament for that purpose) a yearly subsidy or sum after the rate of 305,000*l.* per annum or (in the event of any such default or failure or other event as hereinafter mentioned) so much of the said subsidy or sum as shall remain payable in respect of any year after making such deductions therefrom (if any) as hereinafter in that behalf mentioned in respect of any such default or failure or other event.

(2) If during the continuance of this Agreement the maximum weight of parcels transmissible by the post on any of the mail routes is raised above 11 lbs. and the Postmaster General shall require the Company to convey as mails parcels severally exceeding 11 lb. in weight such additional payment shall be made to the Company in respect of the carriage of such parcels as may be agreed between the Postmaster General and the Company or determined by arbitration.

Payments or deductions.

35. There shall be forfeited and paid by the Company to the Postmaster General the following sums in the following events (that is to say)—

(1) If the Company shall fail to commence the performance of the services hereby agreed to be performed on the 1st February 1908 or on such subsequent day as the Postmaster General may appoint the Company shall forfeit and pay the sum of 100*l.* for every complete period of 24 hours which shall elapse before the Company shall commence the performance of such services

Provided that—

(a) the amount which shall become payable by the Company in respect of such default as aforesaid so far as the same shall relate to any one of the Mail Routes shall not in the aggregate exceed the sum of 20,000*l.*; and

(b) the payment by the Company of the aforesaid amount shall not prejudice the right of the Postmaster General to insist on any payment or deduction to which he may be entitled in respect of the same default under the provisions hereinafter contained.

(2) On each occasion when the Company shall fail to provide a mail-ship in accordance with this Agreement at

Brindisi Bombay Shanghai or Adelaide ready to put to sea at the appointed time or if any mail-ship provided by the Company as aforesaid shall not in fact put to sea and proceed on her voyage at the appointed time the Company shall forfeit and pay—

- (a) the sum of 500*l.*; and
- (b) a further sum of 100*l.* for every successive complete period of 24 hours which shall elapse before such mail-ship shall actually put to sea and proceed on her voyage in pursuance of this Agreement.

(3) On each occasion when the mails shall not be conveyed in either direction between Brindisi and Bombay Brindisi and Shanghai and Brindisi and Adelaide within the respective periods of transit hereinbefore specified the Company shall forfeit and pay the sum of 100*l.* for every complete period of 12 hours (in the case of voyages between Brindisi and Bombay and Brindisi and Shanghai) or of 24 hours (in the case of voyages between Brindisi and Adelaide) by which the said respective periods of transit hereinbefore provided shall be exceeded.

Provided that—

- (a) no such payment as in this sub-clause mentioned shall be made if the Company shall prove to the satisfaction of the Postmaster General that such default arose wholly or in part from any cause or causes altogether beyond the control of the Company; and
- (b) if by reason of any law or regulation against Sunday labour in any port or place from or at which a mail-ship shall start or call under this Agreement any mail-ship employed or about to be employed in any service under this Agreement shall be delayed then and in every such case no such payment as in this sub-clause mentioned shall be made in respect of any default in the conveyance of any mails under this Agreement caused by such delay.

(4) The aggregate amount of the sums payable under sub-clause (2) and under sub-clause (3) of this Clause respectively in relation to any one voyage shall in the case of payments under sub-clause (2) never exceed by more than 1,000*l.* and in the case of payments under sub-clause (3) never exceed by any amount that part of the subsidy for the current year which shall be applicable to the voyage.

(5) Each and all of the said several sums of money hereinbefore stipulated to be paid by the Company to the Postmaster General in the event of failure or default of the Company as aforesaid shall be due and payable as stipulated

ascertained or liquidated damages and not by way of penalty and (except as aforesaid) from whatever cause or causes such failure or default may have arisen and although no loss shall be or may have been sustained by reason or in consequence of such failure or default and every such sum shall at the option and discretion of the Postmaster General be either deducted by him from any moneys then payable or which may thereafter become payable to the Company under this Agreement or be recovered as a debt to His Majesty with full costs of suit.

(6) The payment of or liability to pay any sum hereinbefore mentioned shall in no way prejudice the right of the Postmaster General to treat as a breach of this Agreement the failure in respect of which such sum shall become payable by the Company as aforesaid.

Deduction in case  
sorting accommodation  
and conveyance of  
Sorting Officers not  
required.

36. If and whenever the Postmaster General gives notice to the Company that he no longer requires them to provide accommodation for the sorting and making up of the mails on Mail Routes No. 1 and No. 2 and to receive and convey Officers of the Post Office for the same purpose there shall be deducted from the said subsidy the sum of 10,000*l*.

Accounts.

37. All accounts between the Postmaster General and the Company in relation to the said subsidy and any deductions therefrom as hereinbefore provided shall be made out and settled quarterly up to and as soon as conveniently may be after the 31st day of March the 30th day of June the 30th day of September and the 31st day of December in each year and the amount or balance (if any) which shall be due to the Company on each such quarterly account shall be paid by the Postmaster General at the General Post Office London out of such aids or supplies as aforesaid upon the settlement of each such account and for the purposes of such accounts the said subsidy shall be deemed to accrue from day to day subject to the liability of the same to the several deductions aforesaid.

#### TERM OF AGREEMENT AND INCIDENTAL PROVISIONS.

Commencement and  
duration of Agreement.

38. This Agreement shall come into operation on the 1st day of February 1908 and shall continue in force until the 31st day of January 1915 inclusive and shall then determine if notice in writing to that effect shall have been given twenty-four calendar months previously to the said last-mentioned date either to the Company by the Postmaster General or to the Postmaster General by the Company and if not so determined this Agreement shall continue in force after such last-mentioned date until the expiration of a notice of a like duration given by either party at any time.

Voyages commenced when Agreement determines to be completed.

39.—(1) If on the determination of this Agreement any mail-ship shall or ought to have started or shall start on any voyage in conformity with this Agreement or any other steamship of the Company shall have started on a voyage with mails on board such voyage shall be continued and performed and the mails be delivered and embarked during and at the completion of the same and all the provisions of this Agreement be observed as if this Agreement had remained in force with regard to any such ship and services and with respect to such ship and services this Agreement shall be considered as having terminated when such ship shall have reached her port or place of destination and such services shall have been performed.

(2) In respect of any such voyage as in this Clause mentioned the Company shall not be entitled to receive any payment or compensation over and above the subsidy payable under this Agreement on the day when this Agreement (otherwise than as to any such voyage) determines.

#### SUPPLEMENTAL PROVISIONS.

Postmaster General may delegate his powers.

40. It shall be lawful for the Postmaster General at any time and from time to time to delegate any of the powers vested in him by virtue of these presents to such person or persons as he shall think fit.

Nationality.

41. At all times during the continuance of this Contract the master and officers and at least three fourths of the crew of every mail-ship and a majority of the Board of Directors of the Company shall be British subjects.

Company not to dispose of Agreement.

42. The Company shall not assign underlet or dispose of this Agreement or any part thereof without the consent of the Postmaster General signified by an instrument in writing.

Power to Postmaster General to determine Agreement summarily on breach.

43. In case this Agreement or any part thereof is assigned underlet or otherwise disposed of and in case of any great or habitual breach on the part of the Company their officers agents or servants of this Agreement or of any covenant matter or thing herein contained it shall be lawful for the Postmaster General if he shall think fit and notwithstanding there may or may not have been any former breach of this Agreement by an instrument in writing to determine this Agreement without any previous notice to the Company and the Company shall not be entitled to any compensation in respect of any such determination and such determination shall not deprive the Postmaster General of any right or remedy to which he would otherwise be entitled by reason of such breach or any prior breach of this Agreement PROVIDED that in case within seven days after service as

aforesaid on the Company of a notice determining this Agreement the Company give notice in writing to the Postmaster General that they dispute the sufficiency of such breach to justify the Postmaster General in determining this Agreement such dispute shall be referred to arbitration and in such case this Agreement shall notwithstanding such notice of determination continue in force unless and until an award shall be made to the effect that such breach or breaches was or were sufficient to justify the Postmaster General in giving such notice of determination as aforesaid.

Schedules to be part of Agreement.

44. The Schedules to this Agreement shall be deemed to be part of this Agreement in all respects as if the same had been incorporated therein.

Notices.

45.—(1) Any notice or instrument to determine this Agreement if given by the Postmaster General shall be served by being left at or forwarded by post to the Company at their office or last known place of business in London and any such notice if given by the Company and any other notices given by the Company shall be served by being sent by post to the Secretary of the Post Office at the General Post Office London.

(2) All notices requests consents requirements or directions (other than any notice or instrument to determine this Agreement) to be given or made in writing by the Postmaster General or by any of his officers or agents under this Agreement may at the option of the Postmaster General his officers or agents be either delivered or sent by post to the master of any mail-ship of the Company or to any other officer or agent of the Company in charge or management of any such mail-ship or be left for or forwarded by post to the Company at any office or place of business of the Company and any notices or directions so given left or sent by post shall be binding on the Company.

Arbitration.

46. All matters which under or in pursuance of the provisions of this Agreement are to be settled or determined by arbitration shall be referred to two arbitrators or their umpire in pursuance of the provisions of the Arbitration Act 1889 or any subsisting statutory re-enactment or modification thereof.

No Member of Parliament to benefit by Agreement.

47. In pursuance of the provisions contained in the Statute 22 Geo. III. cap. 45 no member of the House of Commons shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom contrary to the true intent and meaning of the said Statute.

Agreement to be approved by House of Commons.

48. This Agreement shall not be binding until it has been approved by a resolution of the House of Commons.

BOND.

Bond clause.

49. And lastly for the due and faithful performance of all and singular the covenants conditions provisoes clauses articles and agreements hereinbefore contained which on the part and behalf of the Company are or ought to be observed performed fulfilled and kept the Company do hereby bind themselves and their successors unto our Sovereign Lord the King in the sum of 60,000*l.* of lawful money of the United Kingdom to be paid to our said Lord the King His Heirs and Successors by way of stipulated or ascertained damages hereby agreed upon between the Postmaster General and the Company in case of the failure on the part of the Company in the due execution of this Agreement or any part thereof.

IN WITNESS whereof the Postmaster General hath hereunto set his hand and seal and the Company have hereunto affixed their Common Seal the day and year first before mentioned.

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The SCHEDULES hereinbefore referred to.

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THE FIRST SCHEDULE.

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MAIL ROUTES.

ROUTE No. 1.

*Once a Week.*

From Brindisi to Bombay (*viâ* the Suez Canal) calling at Aden and from Bombay to Brindisi (*viâ* the Suez Canal) calling at Aden.

ROUTE No. 2.

*Once in every Two Weeks.*

From Brindisi to Shanghai calling at Aden Colombo Penang Singapore and Hong Kong and from Shanghai to Brindisi calling at Hong Kong Singapore Penang Colombo and Aden.

ROUTE No. 3.

*Once in every Two Weeks.*

From Brindisi to Adelaide calling at Aden Colombo and Fremantle and from Adelaide to Brindisi calling at Fremantle Colombo and Aden.

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THE SECOND SCHEDULE.

Government  
passengers.

1. The Company shall and will when and so often as they or the masters of any steamships of the Company shall be required in writing so to do by the Admiralty the Secretary of State for India or the Secretary of State for the Colonies or by any officers or agents acting under their authority (such writing to specify the rank or description of the person or persons to be conveyed and the accommodation to be provided for him or them) receive provide for victual and convey to from and between any of the ports or places to from and between which any of the said steamships are to proceed in the performance of this Agreement or otherwise (in addition to any officers of the Post Office employed in connection with the mails conveyed or to be conveyed under this Agreement)

(a) Any number of naval military or civil officers in the service of His Majesty not exceeding eight in any one ship with or without their wives and children as



chief cabin or first class cabin passengers (together with their servants male and female who are to have the same accommodation as that provided for the servants of other passengers or of officers of the Company)

- (b) Any number of warrant officers or non-commissioned officers Class XVI. of the Army warrant officers or colour sergeants of the Royal Marines chief petty officers of the Royal Navy or artificers in His Majesty's Dockyards not exceeding four in any one ship with or without their wives and children as fore cabin or second class passengers and
- (c) Any number of seamen marines or soldiers not exceeding 10 in any one ship with or without their wives and children as third class passengers to be always provided with proper accommodation below deck.

**Their accommodation.**

2.--(1) The passengers who shall be conveyed in pursuance of the last preceding Clause (who are hereinafter designated "Government passengers") with their families shall be treated in no respect whether as regards food cabin or other accommodation or aught else in a way inferior to that in which ordinary passengers of the same class are treated or to that required by the regulations of His Majesty's Transport Service. The messing of the second class and the victualling of the third class naval adult passengers shall include in each day one half gill of spirits or a suitable substitute for abstainers.

(2) The several classes of passengers conveyed as aforesaid shall mess in separate places and medical attendance medicine and medical comforts mess-utensils and fittings cooking utensils articles for table use and mess-places fuel lights requisite articles of bedding and all other necessaries shall be provided for them in like manner as for ordinary passengers of the like classes respectively.

**Passage money.**

3. The passage money for Government passengers and their families and servants respectively shall unless otherwise agreed between the Admiralty the Secretary of State for India or the Secretary of State for the Colonies and the Company be the same as that charged by the Company for ordinary passengers of the same class and shall include all the particulars mentioned in the last preceding Clause and if and whenever any alteration of rates for ordinary passengers shall be made by the Company the Admiralty and the Secretaries of State for India and the Colonies shall be immediately apprised of such alteration.

**Returns to be furnished.**

4. Returns of the embarkation and disembarkation of all Government passengers shall be furnished to the Director of Transports immediately after the departure and arrival of each ship.

Payments how made.

5. Payments for passage money for Government passengers shall be applied for by invoices according to a form to be obtained from the office of the Director of Transports and shall be made only upon such applications and upon the production of the orders for the passage together with a certificate under the hand of the commanding officer specifying the number of the third-class passengers (men women and children) conveyed with the ages and sexes of the latter and stating the periods during which they have been respectively regularly supplied with provisions while on board and also a certificate under the hand of each first and second class passenger of his or her having been landed at the place of destination and of his or her having been properly accommodated and messed during the voyage and specifying the dates from and to which they were so messed computed from the first to the last dinner meal.

Baggage.

6. The Company shall convey for every Government passenger free of charge the quantity of baggage (whether such quantity shall be estimated or ascertained by bulk or weight) to which he is entitled under the Government Regulations for the time being in force and freight shall be payable for any extra baggage of a Government passenger after the same rate as the freight payable according to the regulations of the Company for the time being for extra baggage of an ordinary passenger of the same class but the same must be paid by the passengers themselves.

Wives and families.

7. The passage money for the wives families and servants of commissioned and civil officers when not ordered to be conveyed at the public expense shall be paid to the Company by the officers themselves.

Officers in His Majesty's service to have preference to other passengers.

8. In all cases where an officer in the naval military or civil service of His Majesty who may not be entitled to a passage at the public expense shall require a passage on board any of the Company's steamships the Company shall be bound to provide when they have room in such ship a passage for such officer in preference to any non-official passenger not already booked and shall charge no higher rate for such passage than is chargeable for an ordinary passenger.

Admiralty packages to be conveyed.

9.--(1) The Company shall receive on board each of the steamships of the Company and shall convey on behalf of the Admiralty—

(a) any small packages which may be ordered for conveyance and also

(b) on receiving from the British naval officer in command of any naval station two days' previous notice any naval or other stores not exceeding at any one time in any one ship 10 tons weight or 15 tons of 40 cubic feet each in measurement.

(2) The Company shall convey and deliver such small packages and stores at the lowest rates of freight charged by the Company for private goods of a similar character or description and shall give immediate notice to the Admiralty of any alteration of such rates of freight and shall in all cases be responsible for the custody and safe and speedy delivery of such packages and stores.

**Signed sealed and delibered** by the  
above-named Sydney Charles Buxton  
His Majesty's Postmaster General in  
the presence of

SYDNEY CHARLES BUXTON.

Seal of His  
Majesty's  
Postmaster  
General.

R. D. DENMAN,  
General Post Office,  
Private Secretary.

**The Common Seal** of the Peninsular  
and Oriental Steam Navigation Com-  
pany was hereunto affixed in the  
presence of

Seal of the  
Peninsular and  
Oriental Steam  
Navigation  
Company.

THOS. SUTHERLAND

S. S. GLADSTONE

} Directors.

W. A. JOHNSON

Secretary.

IND AUSTRALIA MAILS.

COPY of Contract dated the 7th day of August 1907, between the POSTMASTER GENERAL and the PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY, for the conveyance of the EAST INDIA, CHINA, and AUSTRALIA MAILS for the period from the 1st day of February 1908 to the 31st day of January 1915, together with a copy of the Treasury Minute thereon, dated the 15th day of August 1907."

(*Mr. Runciman.*)

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*Ordered, by The House of Commons, to be Printed,*  
19 August 1907.

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[*Price 3d.*]

# INDIAN AND SUPPLEMENTAL MAILS.

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RETURN to an Order of the Honourable the House of Commons,  
dated 10 February, 1913,—*For*,

COPY "of Contract, dated 14th January 1913, between the POSTMASTER-GENERAL and the SOUTH EASTERN and CHATHAM RAILWAY COMPANIES MANAGING COMMITTEE for the conveyance of the INDIAN MAILS, in both directions, between DOVER and CALAIS, and other MAILS from DOVER and FOLKESTONE to CALAIS and BOULOGNE, respectively; together with COPY of the TREASURY MINUTE thereon."

Treasury Chambers,  
10 February, 1913. }

C. F. G. MASTERMAN.

4

(*Mr. Masterman.*)

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*Ordered, by The House of Commons, to be Printed,*  
10 February 1913.

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1913.

## INDIAN AND SUPPLEMENTAL MAILS.

COPY "of Contract, dated 14th January 1913, between the POSTMASTER-GENERAL and the SOUTH EASTERN and CHATHAM RAILWAY COMPANIES MANAGING COMMITTEE for the conveyance of the INDIAN MAILS, in both directions, between DOVER and CALAIS, and other MAILS from DOVER and FOLKESTONE to CALAIS and BOULOGNE, respectively; together with COPY of the TREASURY MINUTE thereon."

*Treasury Minute dated 1st February 1913.*

My Lords have before them a Contract, dated 14th January, 1913, between the Postmaster-General and the South Eastern and Chatham Railway Companies Managing Committee for the conveyance of the Indian, China, and Australian mails between Dover and Calais, and supplemental mails from Dover to Calais and from Folkestone to Boulogne.

The services which have been performed by this Committee for some time past, in connection with the conveyance of mails between England and France, fall under three heads :—

- (i) Under the Convention with France, signed at London on the 30th August, 1890, (Command Paper 6315) the English and French Postal Administrations are each bound to provide a steam packet service for the conveyance of mails between the two countries, to be run at times mutually agreed upon. The English Post Office agreed, in accordance with the terms of the Convention, to be responsible for the daily conveyance of mails between Dover and Calais by steamers leaving Dover at 11.5 a.m. and Calais at 1.40 a.m. This service is provided by the Committee.
- (ii) The Committee provide for the conveyance once each way weekly between the same ports of the Indian, China, and Australian mails by steamers sailing at hours fixed by the Postmaster-General.
- (iii) The Committee also convey mails, known as supplemental mails, by their steamers appointed to leave Dover for Calais at 1 p.m., and Folkestone for Boulogne at 11.55 a.m. and 4.10 p.m.

The first and second services were formerly performed in return for an annual payment of 25,000*l.*, under a Contract with the London, Chatham, and Dover Railway Company, dated the 15th day of January, 1894 (House of Commons Paper 514 of 1893-4) which was taken over in 1899 by the South Eastern and Chatham Railway Companies Managing Committee.

With regard to the third service, the conveyance of mails by the boat appointed to leave Dover at 1 p.m., though not specifically provided for in that Contract, was held to be covered by the annual payment of 25,000*l.*, on the ground that the conveyance of mails by this steamer relieved those engaged in the Contract service; and it was performed throughout the duration of the Contract without extra remuneration. The use of the steamers on the line between Folkestone and Boulogne was given without payment when the London, Chatham and Dover and the South Eastern Railway Companies were amalgamated in 1899.

As will appear hereafter, only the second and third services form the subject of the present Contract.

Between 1894 (the year in which the former Contract was concluded) and 1907 the volume of the Letter Mails carried by the Company had increased 135 per cent. and the volume of the Parcel mails 180 per cent.

In the latter year the Managing Committee gave notice to terminate their Contract on the 22nd October 1908; but pending the conclusion of a fresh Contract, it was agreed that the service should be carried on under the same conditions as if the Contract had not been determined, on the understanding that payment should eventually be made as from the 22nd October 1908 on the basis adopted in any new Contract.

The Managing Committee claimed increased remuneration for the services rendered by them on the ground that the Mails had increased greatly in volume since the conclusion of the former Contract in 1894; that use was made of additional services both at Dover and at Folkestone; that larger and better steamers were employed on the service; and that the cost of running them had increased.

After some negotiation the Committee claimed 42,000*l.* a year for a period of 15 years; but these terms were considered excessive. The negotiations henceforward followed two lines.

I. On the rejection of their offer, the Committee gave notice that they would discontinue the steamer leaving Dover at 11.5 a.m. and that leaving Calais at 1.40 a.m., which they stated were unremunerative to them because of the inconvenient hours at which passengers had to travel.

As explained above, the Postmaster-General was bound to maintain these services in view of the agreement with the French Postal Administration. To ensure their continuance, he had resort to the statutory powers conferred upon him by the Railway (Conveyance of Mails) Act, 1838, the Regulation of Railways Act, 1873, &c., and served upon the Committee, to which as a Railway Company those Acts apply, a notice requiring them to run the steamers at the existing hours.

The question of the proper remuneration for the service which the Committee were thus compelled to provide had, failing agreement, to be submitted under Section 1 of the Conveyance of Mails Act, 1893, to the Railway and Canal Commissioners.

The Commissioners determined on the 18th July 1911, that the payment for providing, maintaining and working this service should be at the rate of 27,000*l.* a year from the 22nd October 1908 to the 30th September 1910, and at the rate of 30,000*l.* a year from the 1st October 1910, the date on which the Postmaster-General's statutory notice came into force.

The service continues to be run on these terms, but as they are fixed by a judicial award, they do not form the subject of a Contract.

II. It was found possible, however, to arrange, without resort to the Postmaster-General's statutory powers, for the continuance of the services performed by the Committee in conveying the Indian, China, and Australian and the supplemental mails on the terms embodied in the present Contract.

The principal provisions of the Contract are :—

- (i) It takes effect from the 23rd October 1908, the day after the termination of the former Contract, and may be terminated, by a year's notice in writing, by the Postmaster-General on or after the 31st January 1915, on which date the present arrangements for the conveyance across the Continent and on by sea of the Indian and other mails come to an end, and by the Contractors on or after the 31st January 1917.
- (ii) The Contractors are to provide a mail-ship for the conveyance of the Indian and other mails once a week in each direction between Dover and Calais.
- (iii) The sea transit of the Indian mails is not to exceed 1 hour 45 minutes.
- (iv) The aggregate time occupied in the transfer of these mails between mail-ships and trains at Dover is not to exceed :—
  - (a) One minute for every 15 bags or packages embarked; and
  - (b) One minute for every 12 bags or packages disembarked.

The cost of embarkation and disembarkation at Dover and Calais and of transfer between train and ship in both directions at Dover is borne by the Contractors.

Penalties are incurred :—

  - (1) If a mail-ship does not begin the voyage within 15 minutes of the hour fixed;
  - (2) If the aggregate time occupied in the sea transit and the transfer of the mails exceeds that allowed by 20 minutes.
- (v) The Contractors are bound to convey all supplemental mails by any steamship or vessel belonging to, or chartered or employed by them, and performing any service or journey between the United Kingdom and France, as and when the Postmaster-General requires.



- (vi) Since parcels are not sent by the steamers employed under the terms of this Contract, they are specifically excluded from the terms of the Contract.
- (vii) The remuneration of the Contractors for these services is to be an annual payment of 10,000*l.*, with an additional payment of 1*s.* for each bag of supplemental mails conveyed in excess of 50,000 in any year.

The mails conveyed in 1909 by the services provided for under this Contract reached about 182,000 bags, the Indian and other mails conveyed by the weekly mail-ships amounting to more than 142,000, and the supplemental mails to less than 40,000 bags.

The effect of this Contract in conjunction with the award of the Railway and Canal Commissioners is to substitute an annual minimum payment to the Committee of 40,000*l.* for the former annual payment of 25,000*l.*, but the volume of mails has, as stated above, increased considerably, and it will be seen that, until the quantity of supplemental mails has grown appreciably, no payment above the minimum will be necessary.

My Lords approve the Contract.

**This Indenture** made the 14th day of January 1913 BETWEEN THE SOUTH EASTERN and CHATHAM RAILWAY COMPANIES MANAGING COMMITTEE (hereinafter called "the Contractors" which expression shall also mean and include their successors and permitted assigns wherever the subject or context so requires or admits) of the one part and The Rt. Hon. HERBERT LOUIS SAMUEL M.P. His Majesty's Postmaster General (hereinafter called "the Postmaster General" which expression shall also mean and include his successors in the office of His Majesty's Postmaster General wherever the subject or context so requires or admits) on behalf of His Majesty of the other part WITNESSETH that in consideration of the covenants and agreements hereinafter contained on the part of the Postmaster General and of the Contractors respectively the Contractors do hereby (as to the covenants and agreements hereinafter contained on their part) covenant promise and agree with and to the Postmaster General And the Postmaster General (as to the covenants and agreements hereinafter contained on his part) doth hereby covenant and agree with the Contractors in manner following (that is to say):—

1. For all the purposes of this Contract the term "mails" means and includes all articles matters and things (except parcels within the meaning of the Post Office (Parcels) Act 1882) which under the Regulations of the Post Office in force for the time being are transmissible by the post to whatever countries or places they may be addressed and in whatever countries or places they may have originated and all bags boxes baskets and other receptacles and things containing the same and all empty bags boxes baskets and other receptacles and things (other than those used solely in connection with parcels within the meaning of the Post Office (Parcels) Act 1882) and all stores used or to be used in carrying on the Post Office Service. Definitions.

The term "mail-ship" means the vessel provided for the conveyance once a week in each direction between Dover and Calais as hereinafter mentioned of the Indian China and Australian mails and such other mails as may be tendered for such conveyance by or on behalf of the Postmaster General (all which mails are hereinafter referred to as "the Indian Mails") or a substituted vessel of the character hereinafter specified.

The term "supplemental mails" means and includes all mails tendered by the Postmaster General or any of his officers servants or agents to the Contractors for conveyance from the United Kingdom to France except the Indian mails and except such mails as shall be so tendered for conveyance by a steamship travelling under and in pursuance of a certain statutory notice given to the Contractors by the Postmaster General and dated the 1st day of July 1910.

The term "postal packet" means any article for the time being transmissible by post other than parcels within the meaning of the Post Office (Parcels) Act 1882.

2.—(1) Subject to the provisions of this Contract the Contractors shall and will once in every week during the continuance hereof at their Conveyance  
of Indian  
mails by  
mail-ships.

own costs and charges in all respects convey or cause to be conveyed in the mail-ship the Indian mails in each direction between Dover in the County of Kent and Calais in France.

(2) The Indian mails shall be conveyed by means of the mail-ship and the days and times of departure of the mail-ships from Dover and Calais respectively shall be such as the Postmaster General his officers servants or agents shall from time to time appoint (whether by reference to or contingently upon the time of arrival of the Indian mails at Dover or Calais by a specified train or by one of several specified trains or otherwise).

Period of  
sea transit.

3.—(1) The Indian mails shall be conveyed in each direction between Dover and Calais (such conveyance being hereinafter referred to as "the sea transit") in 1 hour and 45 minutes.

(2) The sea transit in either direction shall be deemed to commence at the moment at which the last portion of the mail is put on board the mail-ship at Dover or Calais (as the case may be) and to terminate at the moment at which the gangway is placed on shore at Calais or Dover (as the case may be).

Embarkation,  
disembarka-  
tion and  
transfer.

4.—(1) The Contractors shall at their own cost embark and disembark the Indian mails at Dover and Calais and transfer at Dover the same from the train or respective trains in which they arrive to the mail-ship and from the mail-ship to the train or respective trains in which they are despatched.

(2) Such embarkation or disembarkation and transfer as last aforesaid shall be commenced immediately on the arrival of the train or respective trains or of the mail-ship (as the case may be) and the aggregate time occupied in such transfer as aforesaid at Dover shall not exceed—

(a) One minute for every 15 bags or packages embarked.

(b) One minute for every 12 bags or packages disembarked.

(3) The arrangements for determining and recording the exact time of arrival and departure of the mail-ships and the exact time taken to embark and land the Indian mails shall be under the exclusive regulation of the Postmaster General whose decision on all matters relating thereto shall be final.

(4) The Contractors shall pay any charges in respect of the transfer or conveyance of the Indian mails over any private premises (whether of a dock company or of any other body or person) between the mail-ship and the place appointed by the Postmaster General for the delivery or receipt of the Indian mails.

(5) The Contractors and all commanding and other officers of the mail-ships and all agents seamen and servants of the Contractors shall (so far as they lawfully can or may) at all times punctually attend to the orders and directions of the Postmaster General his officers servants or

agents as to the mode time and place of landing delivering and embarking the Indian mails and shall at all times protect the mails to the utmost of their power.

5. The mail-ship shall be a good substantial and efficient steamship of adequate power and speed and supplied with first-rate appropriate steam engines and shall be in all respects suited to the performance of the services herein agreed to be performed within the respective times herein stipulated and shall be provided and kept by the Contractors seaworthy and in complete repair and readiness to the satisfaction of the Postmaster General. Character of mail-ships.

6.--(1) The mail-ship shall be always properly and sufficiently equipped in all respects so as to render her constantly efficient for the said services and safe for the conveyance of mails and shall be manned with a sufficient number of legally qualified and competent officers with appropriate certificates granted pursuant to the Act or Acts in force for the time being relative to the granting of certificates to officers in the Merchant Service and also with sufficient and competent engineers and a sufficient crew of able seamen and other men. Equipment.

(2) The master and officers of every mail-ship and at least three fourths of the crew shall be British subjects.

7. The mail-ship and the equipment officers engineers and crew thereof shall be subject at all times to the inspection of the Postmaster General or of such person or persons as he shall at any time or times authorise to make such inspection Provided that the Postmaster General shall pay to the Contractors the amount of any incidental expenses reasonably incurred by them in and about any such inspection. Inspection.

8. The Contractors shall be responsible for the safe conveyance of the mails and shall at their own cost and to the satisfaction of the Postmaster General provide on each mail-ship a room or rooms for the convenient and secure deposit of the mails and the services of the crew of every such mail-ship shall from time to time be given in the conveyance of the mails to and from such room or rooms. Deposit of Indian mails.

9.—(1) The Contractors shall without charge convey on board the mail-ship and supply with ordinary first-class cabin accommodation such officers (not exceeding three in number) as may be appointed by the Postmaster General to have the custody of the Indian mails Provided that the carrying out of this requirement shall not entail upon the Contractors the acquisition of a Board of Trade passenger certificate in respect of the mail-ship. Custody of Indian mails.

(2) The master or first officer of the mail-ship shall without any charge to the Postmaster General take due care of the Indian mails and be responsible for their receipt safe custody and due delivery and shall make the usual Post Office declaration and furnish such journal returns and information and perform such services as the Postmaster General his officers servants or agents may at any time or times require.

Conveyance  
of supple-  
mental  
mails.

**10.** In addition to the services above described the Contractors shall without further payment than that hereinafter mentioned convey all supplemental mails by any steamship or vessel belonging to or chartered or employed by the Contractors and performing any service or journey undertaken by the Contractors for their own purposes from the United Kingdom to France as and when the Postmaster General or any of his officers servants or agents shall from time to time require the same to be conveyed and all supplemental mails shall be delivered by the Contractors at any port or place to which such steamship or vessel shall sail and for which such mails are intended.

No lien on  
mails.

**11.** The Contractors shall not attempt to exercise any lien upon the mails for or in respect of a general average contribution or otherwise.

Sanitary and  
quarantine  
arrange-  
ments.

**12.** The Contractors shall undertake and make all necessary and proper arrangements in connection with any statutory regulations of the Local Government Board relative to public health or in connection with quarantine which may be required in respect of the mail-ships or such other steamships or vessels as aforesaid and no deductions shall be made from the sums payable under this Contract nor shall the Contractors be otherwise liable for or by reason of any delay in the landing embarkation delivery or conveyance of any Indian or supplemental mails arising from the observance of any such regulations or the imposition of quarantine.

Explosives.

**13.**—(1) Nothing in this agreement shall exempt the Contractors or any mail-ship from the operation of any Act of Parliament Order in Council byelaw or other provision of the law in relation to explosives.

(2) The Contractors shall not convey in any mail-ship any nitro-glycerine or any article which in the opinion of the Postmaster General is likely to endanger the mails.

Loss or  
damage of  
registered  
postal  
packets.

**14.** The Contractors shall be responsible for the loss or damage of any registered postal packet of any kind conveyed or tendered for conveyance under this Contract (unless such loss or damage be caused or occasioned by act of God the King's enemies pirates restraints of princes rulers or people jettison barratry fire collision or perils or accidents of the seas rivers and steam navigation or by any act neglect or default of the pilot master mariners or other servants of the Contractors in or about the navigation of any ship) and in the event of any such loss or damage (except as aforesaid) the Contractors shall be liable to pay to the Postmaster General in respect of each registered postal packet so lost or damaged (subject to the proviso hereinafter contained) such sum of money not exceeding in any case £2 as shall be equal to the amount which may have been awarded and paid by the Postmaster General at his sole option and discretion (and though not under any legal obligation) to the sender or addressee of such registered postal packet as compensation for the loss or damage thereof.

Provided that the expression "barratry" in this clause shall not be deemed to include any unlawful act in respect of the mails on the part of the master or officer having charge thereof.

**15.** The Contractors shall not nor shall any master or commander of any mail-ship receive or permit to be received on board any such vessel any letter for conveyance other than those contained in His Majesty's mails and such letters as are not required by law to pass through the Post Office nor shall the Contractors or any such master or commander receive or permit to be received on board any mail-ship any mails for conveyance on behalf of any British Colony Possession or any Foreign Country without the consent of the Postmaster General and the entire postage of all mails conveyed by any mail-ship shall in all cases belong to the Postmaster General and be absolutely free from all claims or demands whatsoever of or by the Contractors under or by virtue of this Contract or otherwise.

Contractors not to convey mails except pursuant to agreement.

**16.** In consideration of the covenants and agreements herein contained and on the part of the Contractors to be observed and performed and of the due and faithful performance by the Contractors of all the services under this Contract the Postmaster General shall during the continuance of this Contract from time to time as hereinafter provided pay or cause to be paid to the Contractors out of such aids or supplies as may from time to time be provided or appropriated by Parliament for that purpose sums of money at the following rates that is to say:—

Payment.

- (1) A sum after the rate of £10,000 per annum or so much thereof as shall remain payable in respect of any year after making such deductions therefrom (if any) as hereinafter in that behalf mentioned and so in proportion for any period less than a year.
- (2) If and whenever in any year the number of bags of supplemental mails conveyed by the Company shall exceed 50,000 an additional sum after the rate of one shilling for and in respect of each bag of supplemental mails so conveyed in excess of that number.
- (3) If in any fractional part of a year that may immediately precede the expiration or determination of this Contract the number of bags of supplemental mails conveyed by the Contractors shall exceed such proportion of 50,000 as the period in question bears to a complete year then and in such case an additional sum bearing the like proportion to one shilling for and in respect of each bag of supplemental mails so conveyed in excess of such proportionate number.

**17.** There shall be forfeited and paid by the Contractors to the Postmaster General:—

Deductions in cases of delay.

- (1) The sum of £10 on each occasion when the Contractors shall fail to provide a mail-ship ready to put to sea from Dover or Calais (as the case may be) within 15 minutes of the appointed time or when (except from stress of weather) the mail-ship shall not proceed on her voyage in performance of this Contract within 15 minutes of the appointed time or shall put back into port after starting.
- (2) A further sum of £10 for every successive period of one hour which shall elapse from the appointed time until a mail-ship

shall actually proceed to sea and continue on her voyage in the performance of this Contract.

- (3) The sum of £5 on each occasion on which the aggregate time occupied in the sea transit and in the transfer of the mails shall exceed by 20 minutes the aggregate time allowed for those respective purposes under this Contract together with a further sum of £5 for every additional 15 minutes by which such aggregate time so allowed as aforesaid shall be exceeded. Provided always that no such sum as in this sub-clause mentioned shall be payable by the Contractors if they shall prove to the satisfaction of the Postmaster General that such aggregate time so allowed as aforesaid was exceeded owing to a cause or causes wholly beyond their control such as fog gales snow and inaccessibility of piers.
- (4) Each and all of the said several sums of money hereinbefore agreed to be deducted or paid in the events aforesaid shall be due and payable as stipulated ascertained or liquidated damages and not by way of penalty and although no damage or loss shall be or may have been sustained by reason or in consequence of any such default as aforesaid and such sum or sums shall at the option and discretion of the Postmaster General be either deducted from any moneys then payable or which may thereafter become payable to the Contractors in relation to this Contract or the payment thereof may be enforced as a debt to His Majesty with full costs of suit.
- (5) The payment of or liability to pay any such sum as hereinbefore mentioned shall in no way prejudice the right of the Postmaster-General to treat as a breach of this Contract the failure in respect of which any such sum shall become payable.

**Accounts.**

**18.** All accounts in relation to this Contract shall be made out and settled up to and on or as soon as conveniently may be after the 1st day of January the 1st day of April the 1st day of July and the 1st day of October in every year and the amount or balance (if any) which shall be justly due to the Contractors on each such quarterly account shall be paid by the Postmaster General out of such aids or supplies as aforesaid upon the settlement of such account, and for the purposes of such accounts the said yearly sum of £10,000 shall be deemed to accrue from day to day subject to the liability of the same to be reduced by such deductions as aforesaid.

**Commence-  
ment and  
duration of  
contract.**

**19.** This Contract shall be held to have commenced on the 23rd day of October 1908 and shall (subject to the other provisions hereof) continue in force until the expiration of one year's notice in writing to determine the same given by the Postmaster General to the Contractors on or at any time after the 31st day of January 1914 or by the Contractors to the Postmaster General on or at any time after the 31st day of January 1916.



**20.** The Contractors shall not assign underlet or otherwise dispose of this Contract or any part thereof without the consent in writing of the Postmaster General. Contractors not to assign.

**21.** In case of any breach of this Contract on the part of the Contractors it shall be lawful for the Postmaster General by writing under his hand to determine this Contract without any previous notice to the Contractors and the Contractors shall not be entitled to any compensation in consequence of such determination and such determination shall not deprive the Postmaster General of any right or remedy to which he would otherwise be entitled by reason of any prior breach of this Contract. Determination of contract on breach.

**22.—(1)** Any notice direction consent requirement or communication which the Postmaster General his officers servants or agents are hereby authorised or empowered to give to the Contractors their officers servants or agents (other than any notice of termination of this Contract) may at the option of the Postmaster General his officers servants or agents be either delivered to the master or any other officer agent or servant in the charge or management of a mail-ship or left for or forwarded by post to the Contractors at their office or last known place of business in London and if so given or left shall be binding on the Contractors. Notices.

(2) Any notice to terminate this Contract (if given by the Postmaster General) shall be served by being left at or forwarded by registered post to the office or last known place of business of the Contractors in London and any such notice (if given by the Contractors) shall be under their common seal and shall be sent by registered post to the Secretary to the Post Office at the General Post Office London.

**23.** It shall be lawful for the Postmaster General at any time and from time to time to delegate any of the powers vested in him by virtue of these presents to such person or persons as he shall think fit. Delegation.

**24.** This Contract shall be without prejudice to the rights and obligations conferred or imposed upon either the Postmaster General or the Contractors by any statutes relative to the conveyance of mails by sea and in particular nothing herein contained shall affect or prejudice the said statutory notice dated the 1st day of July 1910 or the rights or obligations of either of the said parties thereunder or in respect thereof. Saving of rights under statutes and statutory notice.

**25.** In pursuance of the directions contained in "The House of Commons (Disqualification) Act 1782" no member of the House of Commons shall be admitted to any share or part of this present Contract or Agreement or to any benefit to arise therefrom contrary to the true intent and meaning of the said Act. House of Commons (Disqualification).

Approval of  
contract by  
House of  
Commons.

26. This Contract shall not be binding until it has been approved by a resolution of the House of Commons.

**In witness** whereof the Contractors have caused their Common Seal to be hereunto affixed and the Postmaster General hath hereunto set his hand and seal the day and year first before written.

**The Common Seal** of the  
South Eastern and Chatham  
Railway Companies Managing  
Committee was hereunto affixed  
in the presence of



C. SHEATH  
Secretary.

**Signed sealed and delibered**  
by the said Right Honourable  
Herbert Louis Samuel M.P. His  
Majesty's Postmaster General in  
the presence of

HERBERT L.  
SAMUEL.



CYRIL HURCOMB  
Private Secretary.

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EAST INDIA (DEATH SENTENCES).

R-26

RETURN to an Address of the Honourable the House of Commons,  
dated 11 June 1913 :—for,

“RETURN showing the NUMBER of DEATH SENTENCES passed in INDIA during 1911,  
giving each province separately; the number of these sentences subsequently  
modified by the highest judicial authority; and the number commuted by the  
Government.”

India Office, }  
17 June 1913. }

EDWIN S. MONTAGU,  
Under Secretary of State for India.

(*Mr. Keir Hardie.*)

Ordered, by The House of Commons, to be Printed,  
17 June 1913.

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1913.

## EAST INDIA (DEATH SENTENCES).

### RETURN of DEATH SENTENCES passed in INDIA during 1911.

Province.	Number of Death Sentences passed.	Sentences modified by the highest Judicial Authority.	Sentences commuted by Government.
MADRAS - - - - -	72	19	1
BOMBAY - - - - -	80	22	5
BENGAL - - - - -	19	9	—
UNITED PROVINCES - - - - -	201	75	6
PUNJAB - - - - -	139	53	7
BURMA - - - - -	125	41	7
BIHAR AND ORISSA - - - - -	30	12	—
ASSAM - - - - -	2	2	—
CENTRAL PROVINCES - - - - -	52	19	3
NORTH-WEST FRONTIER PROVINCE - - - - -	48	31	2
COORG - - - - -	2	2	—
THE ANDAMANS - - - - -	9	1	—
Total - - - - -	779	286	81

EAST INDIA (ENTERTAINMENT OF INDIAN  
AND COLONIAL GUESTS). P. 2661

Correspondence relating to the entertain-  
ment of Indian and Colonial Guests  
visiting this Country by invitation of  
His Majesty's Government.

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Presented to both Houses of Parliament by Command of His Majesty.

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1903.

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EAST INDIA (ENTERTAINMENT OF INDIAN AND  
COLONIAL GUESTS).

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Correspondence relating to the entertainment  
of Indian and Colonial Guests visiting this  
Country by invitation of His Majesty's  
Government.

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No. 1.

*Letter from the India Office to the Treasury, No. F: 4643, dated  
23rd July, 1902.*

I am directed by the Secretary of State for India in Council to address you on the subject of the expenses that have been incurred on account of the visit to this country, in honour of the Coronation, of Indian Princes, delegates, and troops.

In the Indian estimates which were framed in March last a sum of £86,700 was provided for these purposes. Since the postponement of the Coronation the Secretary of State in Council has been led by considerations of an Imperial nature to agree to a prolongation of their original stay in England at an additional heavy expense. Moreover, in India, as the Lords Commissioners of the Treasury are aware, a special Durbar is to be held next year in honour of His Majesty's Accession, and it is of course understood that this must be paid for entirely from Indian revenues.

Towards defraying the expenditure incurred in connection with the Coronation ceremonies in this country a sum of £2,000 from Imperial funds has been allotted to the India Office by the Coronation Executive Committee, with an intimation that no further assistance was to be expected from this source.

Under the circumstances stated, this contribution from Imperial funds seems to the Secretary of State in Council to be wholly inadequate, and he would strongly urge upon the Lords Commissioners of the Treasury that it would be fair and politic if the Imperial Government were to undertake to defray at least a substantial portion of the cost of entertaining the Indian Representatives and troops who have been invited to an Imperial ceremonial in this country, and who may reasonably be regarded as guests of the nation.

Lord George Hamilton trusts that the Lords Commissioners of the Treasury will be willing to take the necessary steps in order to be able, by means of a special grant, to meet from Imperial revenues, either the whole, or, at least, a reasonable proportion of the expenditure that has been, and is to be, incurred.

I have, &c.,

(Signed) A. GODLEY.

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## No. 2.

*Letter from the Treasury to the India Office, No. 12,052, dated  
15th August, 1902.*

The Lords Commissioners of His Majesty's Treasury have had before them your letter (F. 4643) of the 23rd ultimo, relative to the expenses incurred by the Secretary of State for India in Council on account of the visit to this country of Indian Princes, delegates, and troops to be present at the Coronation of His Majesty the King. The Secretary of State now represents that, inasmuch as the postponement of the ceremonial has led to additional heavy expenditure, the Treasury should defray at least a substantial portion of, if not the whole, cost of entertaining those who had been invited.

My Lords have received this communication with some surprise, as they had understood that the Government of India were prepared to defray the entire charge for this service from Indian funds—a course which would have been in accordance with all previous precedent.

My Lords, however, now learn that the matter has been again considered by His Majesty's Government, who have come to the conclusion that the representative visitors from India attending the Coronation should be provided for in regard to the cost of their entertainment in the same manner as those who represented the other great dependencies and Colonies of the Empire.

On this ground, therefore, and in view of the strong opinion expressed by the Secretary of State for India in Council, my Lords will be prepared to ask Parliament to provide in the estimate for the next financial year the sum required to repay the whole expense of the service.

My Lords understand that the sum of £86,700 provided for purposes of entertainment, and the £2,000 already allotted from Imperial funds, have proved insufficient to meet the expenditure actually incurred. They request to be furnished with a statement of the actual expenditure at the Secretary of State's earliest convenience.

I am, &c.,

(Signed) FRANCIS MOWATT.

## No. 3.

*Letter from the India Office to the Treasury, No. F. 5416, dated  
4th September, 1902.*

I am directed to acknowledge the receipt of your letter of the 15th of August, No. 12,052, and to express the great gratification with which the Secretary of State for India in Council has learnt that the Lords of the Treasury are prepared to exempt Indian revenues from any charges incurred in this country in connection with the Coronation festivities, by asking Parliament to provide in the estimate for the next financial year the sum required to defray the cost of entertainment of the representative visitors from India attending the Coronation, in the same manner as was done in the case of representatives of other parts of the Empire.

A statement of the actual expenditure will be prepared as soon as possible; but, as a portion of the expenditure in this country has been met from advances for which accounts will be rendered in India, it will be necessary to communicate with the Government of India on the subject.

I am directed to take this opportunity of suggesting, for the consideration of the Lords Commissioners of the Treasury, that it would be advisable to appoint an inter-departmental Committee, to meet in the month of October or November, and to report on the course of procedure to be adopted, and the incidence of expenditure, in respect of any Indian guests who may visit this country in future by invitation of His Majesty's Government. Lord George Hamilton is strongly of opinion that these matters should be governed by fixed principles, and should not be a matter of discussion upon each separate occasion. His Lordship will, in the meantime, consult the Government of India on the subject, and, if the Lords Commissioners concur in his suggestion, will be prepared to place the views of the Governor-General in Council before the Committee.

I have, &c.,

(Signed) HORACE WALPOLE.

## No. 4.

*Despatch from the Secretary of State for India to the Government of India, Financial, No. 137, dated 5th September, 1902.*

With reference to the enclosed copy of correspondence\* with the Treasury, I request that you will transmit to me as soon as possible a detailed statement of the expenditure in this country that has been brought to account in India in connection with the visit of Indian Princes, delegates, and troops on the occasion of His Majesty's Coronation. The statement should include the disbursements made in this country by the officers in command of the Native troops and the Volunteer Contingent from advances issued to them at this Office; and the expenditure met by means of bills of exchange drawn by the Commander of the R.I.M.S. "Hardinge" in respect of the period between the arrival of the vessel in England and its departure for India. Expenditure on account of transport to and from India should not be included.

2. In connection with this question, I have suggested for the consideration of the Lords Commissioners of the Treasury that, in the month of October or November next, an inter-departmental Committee should be appointed to consider and report upon the principles which should govern the incidence of expenditure, and upon the procedure to be adopted, in respect of any Indian guests who may hereafter be officially invited to visit this country. I shall be glad if your Excellency will favour me with your views on this subject, and with any observations which you may wish to make, in order that they may be communicated to the Committee.

I have, &c.,

(Signed) GEORGE HAMILTON.

## No. 5.

*Letter from the Treasury to the India Office, No. 14,182, dated 10th September, 1902.*

I am directed by the Lords Commissioners of His Majesty's Treasury to acknowledge the receipt of Sir Horace Walpole's letter (F. 5416) of the 4th instant, further with regard to the expenses incurred on account of the visit to

\*Nos. 1, 2, 3.

this country of Indian representatives at the Coronation. My Lords will await the statement of actual expenditure incurred by the Secretary of State for India in Council, in order that the necessary steps may be taken to obtain a grant from Parliament to repay the expense of the service.

Their Lordships readily agree to the suggestion of Lord George Hamilton that an inter-departmental Committee should be appointed to report on the course of procedure to be adopted, and the incidence of expenditure, in respect of any Indian guests who may visit this country in future by invitation of His Majesty's Government. I am to request that their Lordships may be informed of the name of the India Office representative.

I am, &c.,

(Signed) E. HAMILTON.

## No. 6.

*Letter from the Government of India to the Secretary of State for India, No. 301, Finance and Commerce Department, dated Simla, 23rd October, 1902.*

We have the honour to acknowledge the receipt of Your Lordship's Despatch No. 137 (Financial), dated 5th September, 1902, regarding the expenditure incurred in connection with the visit of Indian Princes, delegates, and troops on the occasion of His Majesty's Coronation. A detailed statement of the expenditure brought to account in this country is being prepared and will be forwarded as soon as it is complete. In the meantime, in response to the invitation conveyed in the concluding portion of your despatch, we submit our views upon the principles that should in our opinion govern the incidence of expenditure in respect of any Indian guests who may hereafter be officially invited to visit the United Kingdom.

2. We have learnt with great gratification that His Majesty's Government have decided to assume the entire cost of the entertainment in England of the representative visitors from India at the recent Coronation in the same manner as that of the representatives of the other great dependencies and colonies of the Empire; and we are of opinion that the same principle should be followed on similar occasions in the future. We are ready to admit that the analogy between India and the colonies is neither perfect nor complete, since the quality and rank of the guests and the standard of entertainment are likely to differ materially in the two cases; and we have considered the desirability of making any special proposals in order to meet this inequality in the circumstances. The only manner in which this could be done would apparently be by fixing a scale or determining a limit of expenditure by His Majesty's Government in the case of Indian guests, and by the defrayal of any excess, over and above this limit, by the Government of India.

3. On the whole, however, we earnestly deprecate any such solution because of the inevitable misunderstanding and ill-feeling to which it would give rise in this country. The situation of an Indian guest in England, paid for partly by England and partly by India, would not be appreciated in India. It would be regarded as a compromise, ungenerous in itself and even degrading to India. The only sound principle upon which to proceed in the future is, in our opinion, that the whole of the guest's expenses, great or small, should be defrayed by the Government that entertains him, from the time of landing to the time of departure.

4. If it is thought that the above principle would involve a possibly serious burden upon the British Treasury, we would submit that the following three considerations should be borne in mind :—

- (1) That the occasions upon which His Majesty's Government will be called upon to dispense hospitality of the nature referred to must, in the nature of things, be exceedingly rare ;
- (2) That His Majesty's Government will always have it in their power to regulate their total sumptuary outlay by limiting the number of invited guests ; and
- (3) That the Indian chiefs and nobles who belong to the category of possible guests are in the habit of making donations and contributions towards public objects, both in India and while in England, greatly in excess of those that may be anticipated from any other class of guests ; and that exceptional treatment may therefore be held to be justified by exceptional deserts.

5. For all these reasons we should greatly regret any attempt to discriminate in principle between Indian and non-Indian guests of Great Britain ; and we should prefer, in the event of any individual case or group of cases appearing to demand exceptional treatment, that the case should be considered on its merits as it arises. We presume that if the above general principle is accepted, the Government of India of the day would be given an opportunity of expressing their views before any departure from it should be decided upon.

6. We observe that Your Lordship's suggestion for the appointment of an inter-departmental Committee referred only to the incidence of expenditure in respect of any Indian guests who may visit the United Kingdom, and we have so far confined our remarks to the case of such guests. We think, however, that the opportunity might be taken with advantage to determine the principles which should govern the entertainment of other Asiatic guests, such for instance as the Persian Envoy. We think it inequitable that India should be called upon to contribute to the cost of entertaining any non-Indian guests who may proceed to England on the invitation of His Majesty's Government ; and we should be glad if this point also could be examined by the inter-departmental Committee, and if favourable consideration could be given to our views.

We have, &c.,

(Signed)	CURZON.
"	A. P. PALMER.
"	T. RALEIGH.
"	E. F.-G. LAW.
"	E. R. ELLES.
"	A. T. ARUNDEL.
"	DENZIL IBBETSON.

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## No. 7.

*Letter from the India Office to the Treasury, No. F. 7589, dated  
21st January, 1903.*

With reference to previous correspondence relating to the appointment of a Committee to consider the procedure to be adopted, and the incidence of expenditure, in respect of Indian guests who may visit this country in future by invitation of His Majesty's Government, I am directed to inform you that the Secretary of State for India in Council has now received the Committee's report, of which a copy is enclosed.

Lord George Hamilton directs me to express the hope that the Lords of the Treasury will agree with him in thinking that the recommendations of the Committee should be approved, with the understanding that they will be acted upon whenever any occasion arises to which they are applicable.

I have, &c.,

(Signed) A. GODLEY.

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Enclosure in No. 7.

*Report of the Inter-Departmental Committee on the Entertainment of Indian and Colonial Guests.*

1. We understand it to be our duty to report upon the course of procedure to be adopted, and the incidence of the expenditure, in respect of any Indian or Colonial guests who may visit this country in future by invitation of His Majesty's Government.

2. It should be stated, however, that, in the terms of reference contained in the correspondence which has passed on this subject, there is no express mention of Colonial guests. But we regard the terms as having been implicitly modified by the addition of a representative of the Colonial Office.

3. The question submitted to us is, in respect of the main principle by which the answer to it must be determined, a very simple one. To describe a man as "a guest visiting this country by invitation of His Majesty's Government" is to imply, according to the ordinary acceptation of the words, that the person so described will live, while he is in this country, at the expense of the Government by which he has been invited; that is to say, that he will be provided by that Government with board, lodging, and other entertainment of a kind suitable to his position and dignity, and not unworthy of the reputation of his hosts, for such time as may be covered by the terms of his invitation. This proposition is so obvious that it would not be worth stating, if it were not that, as regards Indian guests, a different practice has hitherto obtained; and the only difficulty is how to account for the fact that, whereas the charge for the entertainment of Colonial guests has been accepted as a matter of course by the Imperial Government, the cost of Indian guests in this country has always, until the present year, been borne by India.

4. We believe that the explanation of this anomaly is to be found in the fact that the Government of India and the administration of its revenues were formerly in the hands of the East India Company. The Directors of that Company, being domiciled in this country, and standing in the place of the British Government, would naturally undertake the duty of inviting and entertaining Indian guests; the cost of such entertainment falling, not upon the revenues of India (for in those days it could not be said that any such revenues existed), but upon the revenues of the Company.

5. By successive Acts of Parliament the position of the East India Company was modified, and finally the Act of 1858 transferred the Government of India to the Crown, and placed the revenues derived from the Company's territories—thenceforward to be known as "the revenues of India"—at the disposal of the Secretary of State for India in Council. It is not surprising that, at first, the change in the situation, which had been gradually brought about by this and by previous Acts, should not have been fully appreciated, and that the Secretary of State, on stepping into the place of the Company, should have accepted this along with the other liabilities of his predecessors.

6. It is, however, plain that, as a matter of fact, the practice of the last 40 years is difficult to defend. From the moment when India became a

dependency, having a public revenue of its own, the Home Government has stood, and still stands, for the purposes which we have to consider, in exactly the same relation towards that country as towards any other member of the British Empire which has a separate exchequer and a separate political organization. Invitations to Indian guests could thenceforward only be issued in the name of the Home Government; and that Government must necessarily be regarded as having assumed, with the duty of issuing invitations, the responsibility for the charge which they entail.

7. We do not think that this view, which is in accordance with the usages of hospitality as universally recognized, requires any argument to support it; and we consider that henceforward the incidence of charge and the method of procedure, in respect of the guests of the Home Government, should be one and the same, whether the guests are Indian or Colonial.

8. As regards the incidence of charge, this implies that all the costs of entertainment in this country will be borne by the Home Government. It should, however, be distinctly understood that His Majesty's Government will not be responsible for the cost of the journeys of their guests to or from this country. All charges of this kind should fall either upon the revenues of India or of the Colony concerned, or else upon the individual guest, according to circumstances.

9. As regards the method of procedure, the initiative will naturally be taken, in the case of Indian guests, by the India Office, and, in the case of Colonial guests, by the Colonial Office. It will be for these Offices, before any invitation is issued, to submit to the Treasury such proposals as they may from time to time think fit to make as to the expenditure to be incurred on account of those whom it is proposed to invite, together with all necessary information as to their rank and position, the proposed duration of their stay, an estimate of the cost of their entertainment with such details as it may be possible to give beforehand, and any other facts or suggestions bearing on the question. The invitations will then be issued through the India Office or the Colonial Office, as the case may be.

10. In cases in which considerable numbers of troops, or other guests who cannot be classed as individually "distinguished," are invited to this country, as was done, for instance, on the occasion of the recent Coronation, we think that the same principles should apply. It would seem to be right that India or the Colonies should bear the whole cost of transport to and from this country, and, as a rule, of all pay and allowances to the officers and men during their stay; and, on the other hand, that the Home Exchequer should be charged with all expenditure for board, lodging and entertainment. It must at the same time be borne in mind that at the Jubilee of 1897, and again at the recent Coronation, the non-commissioned officers and men of the Colonial Contingents were regarded as temporarily employed on Imperial service, and received pay from War Office funds; and we think that in future each case should, so far as the incidence of pay and allowances is concerned, be considered on its merits.

11. The Political Aide-de-Camp to the Secretary of State for India will, we presume, be placed, subject to the control of the Treasury, in charge of the arrangements for the entertainment of Indian guests; and an officer of the Colonial Office will occupy a similar position in regard to Colonial guests. But this will not affect the exclusive liability of the Home Exchequer for all the expenditure which may be incurred.

12. It does not appear to us to be necessary to enter into any further details on this subject. But we desire to record our general agreement in the opinions and arguments contained in the annexed letter from the Government of India, dated the 23rd October 1902\*; and, if we may consider it to be

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\* No. 6 above.

within the terms of reference, we would specially call attention to the observations in paragraph 6 of that letter, with regard to the entertainment of non-Indian Asiatic guests, in which we entirely concur.

ARTHUR GODLEY.  
E. W. HAMILTON.  
W. A. BAILLIE-HAMILTON.

LIONEL ABRAHAMS,  
*Secretary.*  
31st December 1902.

### No. 8.

*Letter from the Colonial Office to the Treasury, No. 2919, dated 29th January, 1903.*

I am directed to state, for the information of the Lords Commissioners of the Treasury, that a copy of the report of the inter-departmental Committee recently appointed to consider the procedure to be adopted, and the incidence of expenditure, in respect of any Indian or Colonial guests who may visit this country in future by invitation of His Majesty's Government, has been received from the India Office ; and I am to request you to signify to their Lordships this Department's concurrence in the Committee's recommendations, and to express a hope that their Lordships will agree to their adoption in any future cases to which they are applicable.

I am, &c.,  
(Signed) H. BERTRAM COX.

### No. 9.

*Letter from the Treasury to the India Office, No. 1278, dated 31st January, 1903.*

I have laid before the Lords Commissioners of His Majesty's Treasury your letter of the 21st inst., transmitting copy of the report of a Committee appointed by the Secretary of State for India in Council to consider the procedure to be adopted, and the incidence of expenditure, in respect of Indian or Colonial guests who may visit this country by invitation of His Majesty's Government.

My Lords observe that the Committee recommend that British liability in such cases should be limited to expenses incurred in this country for guests invited, with the previous cognizance of the Treasury, by His Majesty's Government, and that expenses incurred outside this country should be borne by Indian or Colonial funds, or by the person concerned, as the case may be.

My Lords also observe that the Committee concur in the view of the Indian Government that the same principle should be applied to the entertainment of Asiatic guests other than Indian.

I am to request you to inform Lord George Hamilton that their Lordships agree with him that the recommendations of the Committee should be approved, and acted upon when the occasion arises. They are causing a copy of this letter to be sent to the Colonial Office.

I am, &c.,  
(Signed) W. H. FISHER.



**No. 10.**

*Despatch from the Secretary of State for India to the Government of India,  
No. 33 Financial, dated 20th February, 1903.*

With reference to your Financial Letter of the 23rd of October last, No. 301, I have to inform you that the subject referred to in the second paragraph of my Despatch of the 5th of September, No. 137, has been considered by a Committee which was constituted as follows, viz. :—

Sir A. Godley, K.C.B., appointed by the Secretary of State for India in Council.

Sir E. W. Hamilton, K.C.B., appointed by the Lords Commissioners of the Treasury.

Sir W. A. Baillie-Hamilton, K.C.M.G., appointed by the Secretary of State for the Colonies.

2. I forward herewith a copy of the Committee's report and of further correspondence\* on the subject. Your Excellency will observe that the Committee recommended that all the costs of the entertainment of Indian guests visiting this country by invitation of His Majesty's Government (but not the cost of journeys to or from this country) shall be defrayed from Imperial revenues; and that the Treasury have accepted my suggestion that the Committee's recommendations should be approved, and acted on when occasion arises.

I have, &c.,

(Signed) GEORGE HAMILTON.

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\* Nos. 7 and 9.

**No. 10.**

*Despatch from the Secretary of State for India to the Government of India,  
No. 33 Financial, dated 20th February, 1903.*

With reference to your Financial Letter of the 23rd of October last, No. 301, I have to inform you that the subject referred to in the second paragraph of my Despatch of the 5th of September, No. 137, has been considered by a Committee which was constituted as follows, viz. :—

Sir A. Godley, K.C.B., appointed by the Secretary of State for India in Council.

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I have, &c.,

(Signed) GEORGE HAMILTON.

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\* Nos. 7 and 9.