

To these considerations it may be added that the fast Atlantic service would also shorten the mail time via Canada to China and Japan. To Shanghai the western route will probably become quicker than the eastern.

But it would not be necessary to give a direct subsidy of £75,000 in the ordinary sense of that term. Her Majesty's Government might, without granting an actual subsidy at all, effect the same result by the united action of the Post Office and Admiralty Departments. The former might give to the proposed service poundage to an extent not falling far short of £75,000 a year, and this might be done, mainly by diverting mails from vessels running to New York to vessels running to British ports, so that the arrangements made in respect of the eastern service would not be materially affected. The poundage would, of course, have to be earned under fixed conditions.

At present Great Britain is dependent on France and Italy for the quick conveyance across Europe, at considerable expense, of her mails to Australasia and the east; but by the proposed scheme she would secure an equally quick service over British territory and the high seas. Such a service would be free from the risks of interruption which necessarily attach to the existing eastern services.

The difference between the poundage and £75,000 could be made up by an admiralty subvention in each year of the required amount. The amount of subvention payable by the Admiralty to vessels complying with the necessary conditions is £9,000 per annum in the case of vessels of 20 knots average continuous speed on open voyages, and £3,250 in the case of vessels of 16-knot speed. Assuming that the proposed Atlantic vessels would come under the first category, and the Pacific vessels under the second, and these are the conditions in the Dominion contract, the total subvention on this basis would be £52,250, or, taking into account a reduction of 25 per cent, which is made in the case of vessels having a mail subsidy, about £39,000.

No doubt a definite undertaking on the part of Her Majesty's Government would be considered essential by the promoters of the combined services, and the Admiralty might hesitate to make so large an addition to their list of subventioned vessels. In considering, however, whether any undertaking as is here suggested could be properly given, it should be urged on the Admiralty that not only would an addition be made to the number of steamers suitable for armed cruisers (and those in the Pacific would appear to be specially valuable), but that by applying the system which they have adopted elsewhere, they would ensure the completion of this new Imperial highway, along which British soldiers, sailors and stores could be conveyed in time of war to Hong-Kong and to the war vessels in the Pacific.

Should Great Britain see her way to make these concessions, she will have done her part in forging a strong link in the chain of Imperial communication.

I may repeat that Canada has made a definite promise of a subvention of £175,000 for ten years, which has received the approval of her Parliament.

For reasons already given, I am unable to state definitely to what extent the Colonies of Australasia will respond to the request made to them for help in starting a line from which they would apparently derive very great advantages.