

Considerable divergence of view was manifested at the Conference as to whether it was desirable that the cable should be laid by the contributing governments as a national undertaking, or by a private company with a government subsidy or guarantee. In favour of the first alternative it may be urged *inter alia* that certain expenses, such as those of promotion, are avoided by State ownership, and that the danger of amalgamation with other companies to the disadvantage of the public is precluded; and in favour of the second, that a company would do the work and carry on the business more economically than a government body. The difficulty of a State control under the joint ownership of several responsible governments cannot be disregarded.

This point, with other important matters of detail, such as the relative shares in the guarantee or subsidy to be undertaken by the several governments, was left undecided, and indeed must remain so till the two main points of route and cost are settled. Once these are arranged, definite agreements become possible. Should the preliminary enquiries prove satisfactory, Her Majesty's Government will be consulting the wishes of Australasia by taking further steps to mature the scheme.

Mr. Foster put his view of the commercial interest of Great Britain in these words:—

“Now it may be said that Great Britain has small commercial interests in this line of communication with the Australian Colonies. I think she has a large commercial interest. She is the head and centre of the commerce of the world; and very much of that commerce of which she is the head originates in those outlying dependencies, and she returns the manufactured products over the whole world. Therefore, if by the construction of these lines the cost of telegraph and cable is lessened to an appreciable extent, as it may follow by the construction of this line, Britain's commercial interest in the line is considerable after all. If you take the transactions in number and amount which emanate from London or from Great Britain in the matter of trade, you may find that they will come very largely up to the sum of those which emanate from the Colonies or from Canada; so she has a commercial interest in Australasia. So I do not think we ought to consider this question alluding to Great Britain simply as having Imperial or defensive interests in the matter.”

The delegates, however, were not in a position to give any information as to the form or amount of the financial support which their respective Governments would be prepared to offer. They had received no instructions.

It may be said that it would not be just for the Governments to subsidize a new and competing line. The enterprise of the Eastern Extension Telegraph Company has conferred great benefits on Australasia, to which Mr. Lee-Smith bore testimony. Whilst, however, admitting and admiring that enterprise, it cannot be conceded that it entitles the company to the cable monopoly of Australasia. The new route is not proposed from mere motives of competition, in which case Her Majesty's Government would probably decline to take part, but from the conviction that commercial and Imperial interests demand its construction.

The British Government pays subsidies for cables to Bermuda, the Seychelles, Mauritius, and to certain British settlements and possessions in Africa. These places, it is true, were entirely without telegraphic communication before the subsidies were given, but not one affords a parallel case to