

C.S.

<b>CONFIDENTIAL</b>
Postal & Telegraphic.
Telegraphic.
No. <del>74/37</del> <i>9/14/37</i>

TEL/GEN/1#15

1937.

S. of S. Telegram No. 48.

SUBJECT.

1937.

28th April,

ENQUIRIES TO BE HELD INTO THE WIRELESS AND CABLE

Previous Paper.

RATES.

MINUTES.

1. Telegram from S. of S. No. 48 of 28. 4. 37.

*Yh.* Submitted. The file regarding telegraph rates is with *Yh.*

2. I think it may be said in reply that there has been evidence of substantial and responsible public dissatisfaction regarding the present telegraph rates.

*WCH*  
*cs.*

28. 4. 37

*Please reply that there has been ample evidence of such dissatisfaction that in connection with the rates to the U.K. and to Norway which were fixed up by Cable and Wireless Limited. I have referred*

Subsequent Paper.

to the position is desirable by 20 April  
and will be glad to hear whether it is  
desired that I communicate full instructions  
by telegram or whether Sir [unclear] should make  
them after my arrival in the U.K. on the  
15<sup>th</sup> June

~~TTTTT~~ 29/4/37

In telegram to [unclear].  
MCH  
[unclear]

Telegram No. 37 to S. of S. of 29. 4. 37.

(2)

Supervisor Elec. Dept.

To see.

MCH  
[unclear]  
30. 4. 37

Hon C.S.

Seen. Thank you.

A.M.

Sup E+T  
17. 5. 37.

Minutes from H.C. the Governor

Telegram no. 51 from S. of S. of 4/5/37

" " 40 to " " 11/5/37

S. of S. Conf. lic. despatch of 17/8/37.

" " " 23/8/37.

(3)

(4)

(5)

(6-7)

(8-11)

P.A.  
18/5/37

V.E. Leds (6) - (11) submitted.

I think in the first place obtain the observations & recommendations of the Secy. & Secy. Dept.

Redy  
29/1/37

Hon. Secy.

To Sub. Telegraph Dept. Mr:  
Mevor should consider the proposals very carefully and state whether he recommends acceptance. We have been endeavouring to obtain a lower rate on telegrams sent to and from the U.K.

MCH

29. 1. 37

Mr: Mevor should deal with this as soon as possible.

MCH

Sup. Secy. Dept

I'm accordingly  
Will you please let me have an early report

Redy  
29/1/37

Hon. Secy.

Leds (6) - (11) seen.

It does not seem clear to me what the full rate is intended to be eventually & what is the difference between "full rate" and uniform rate?

Para. 11. So far as the Govt is concerned I am of the opinion that to stop the direct service with Norway would be to seriously reduce our revenue, and furthermore I can

that it is essential for us to retain our Norway service as an alternative emergency route for official as well as public service, especially as often happens, we are unable to establish communication with either London or Montevideo for some days at a time.

Providing the Norway service is not affected, I see no reason why an agreement for a limited period should not be made.

All  
sup E.T.  
18.11.37.

T.E.

I have seen the Supr. of the E.T. Dept. & he now agrees with my view that the uniform rate of 1/3<sup>0</sup> referred to in (11) is a flat rate.

2. Please see para 2 of (7) wherein the reductions for deferred & letter telegrams are mentioned.

3. I submit for approval a draft telegram incorporating the views of Mr. Mura re Norway & the other points mentioned.

Pres  
23/11/37

Howes C.S. The S. of S. does not wish us to send telegrams through Norway. A query was sent out last year about this. If telegrams cannot be sent direct to England then I understand they should be sent via Monte Video. The Sub. of Gen. Depo: is fully aware of previous correspondence. Is it necessary to mention Norway?

MCH  
25.11.37.

see  
Page  
of 27

A.C.S.,

mt. 66/35 attached. A reply does not appear to have been returned to Red 20 in that mt.

J.S.  
C. Act.  
30/11/37

Imp. & other mt

Re see mt 66/35 \* 20 + 20 There

J.S.  
30/11/37

(2) Telegram from S. of S. No. 101 of 2.12.37.

Hon. Col. Sec.

The service direct to U.K. is ~~now~~ at times broken through unfavourable conditions and it has been the practice in the past to divert traffic from the direct route to Bergen for retransmission to the U.K. The diverted traffic should be sent via Cavite & Western cables according to the requirements of Messrs Cable & Wireless Ltd, but the service with Cavite is not so reliable as to enable much traffic to be rerouted from the direct to the Cable service because of unfavourable conditions affecting both direct and Cable services; With Norway if necessary we can work on short wave from 21.30 GMT until daylight the following morning thereby having the choice of several periods during the last hours for clearing traffic.

Unless we maintain a service with Norway for Norwegian, and in cases of emergency for UK traffic, a hold up of traffic for the U.K. will, as has always been the case, be held up for perhaps several days, depending upon conditions

Conditions being favourable either for Cevito  
or London direct

I am fully aware of previous correspondence  
on this subject, and the instructions of holding  
telegrams from the direct route which had failed,  
& retransmitting via Cevito has been tried  
on several occasions, and, completely failed

I do not consider an agreement should be signed  
which will prevent us from working Norway when  
we are unable to communicate either direct with  
London, or with Cevito and Western cables.

AM  
sup E+T  
3/12/37

Y.E.  
Submitted.

a drop telegram is p.u. in 66/35 attached

Red  
2/12/37

Hon. C. Telegram may go. We  
should send a reply to red (20)  
in 66/35, by despatch.

TUCH  
4. XII. 37

Telegram to S. of S. No. 82. of 4. 12. 37. (13)

S of S. Conf. despatch of 12/1/38.

PA.  
19/12/37.  
14.

Sup. Exec. Dept.

To see and for any observations  
you may have to offer.

MCH  
C.

9. 2. 38

Hon Col Sec.

Seen Red 14.

I have no remarks to make  
in connection with our Bergen service  
until further proposals are received  
from London.

AM.

Sup & F.

15/2/38

Answer reply to  
red 22 in C.S.  
66/55

15. Telegram from S. of S. No. 11 of 16. 2. 38.

Sup. Exec. Dept.

Please see telegram No. 1  
red 7 herein. How will  
our rates stand under the  
new arrangement as compared  
to the present rates. Something  
will be required for publication.

MCH  
C.

17. 2. 38

Hon Cablee

Red (15) - Red (7) seen.

Under the new rates, Full rate will be  $1/3$  in place of  $2/6$  per word  
5 letter code rate will be  $\frac{2}{3}$  of  $1/3$ , or  $10^d$  per word. deferred or hc rate will be  $7\frac{1}{2}^d$  per word. for telegrams originating in Falkland Is.  
For telegrams from South Georgia. Full rate will be  $1/6$  in place of  $3/-$  per word.  
5 letter code rate will be  $\frac{2}{3}$  of  $1/6$  or  $1/-$  per word. deferred or hc rate will be  $9^d$  per word.

With your approval I can confirm these rates with the managing directors Cable & Wireless Ltd London by a Service message as there has so far been no definite reply to the last paragraph of Red (13) marked X

Sub. Elec. Dept.

AM.  
Sup 8.1  
18/2/38

Yes, please get confirmed.

McH  
C.S.  
19. 2. 38

Am C.S.

Paper returned. No action taken as yet.

AM.  
Sup 8.1  
21. 2. 38

Telegram from S. of S. No. 12 of 19. 2. 38.

(16)



Sup. Exec. Dept:

To see wd 16.

mch

cl.  
21. 2. 38

Hon. Cal Sec

Red 16 seen

AM

Sup Exr

22. 2. 38

17-18 S. of S. Secret Circ. of 11/1/38

Sup. Exec. Dept:

To see.

mch

cl.  
25. 2. 38

Hon. Cal Sec

seen, thank you

AM

Sup Exr

19. Telegram No. 15 from S. of S. of 26. 3. 38.

Sup. Exec. Dept:

To see (19). This matter

can now proceed. Information

may be made public on

April 8<sup>th</sup>. Please see

last para. of your  
minute of 16 July 1938.

mch

cl.  
28. 3. 38

Hon Collec.

Noted. a Service message has been sent to the M/P London for confirmation of rates.

AM  
Sup Evt  
1/4/38

Supr. Electrical Dept.

Meanwhile please put up a list of the new rates also showing the previous rates. This file should be returned not later than 6<sup>th</sup> April unless called for sooner.

MCH

ES  
1.4.38

Hon Col. Sec.

So far no reply has been received from Cable & Wireless Ltd, confirming rates, but from the attached papers I submit that the new rates will be from either Falkland Is or South Georgia to any part of the British Empire.

For the purpose of comparison however former rates to the Empire excluding the UK need not be taken into account.

The new rate compared with the existing rates is as follows.

	Traffic to the UK.	Falkland Is.	S-Georgia
Newsrate	ordinary. 1/3.	old rate 2/6	3/-
code	5 letter code -1/10	1/6	1/9 <sup>1</sup> / <sub>2</sub>
lc	Deferred. 7 <sup>1</sup> / <sub>2</sub>	1/3	1/6

Confirmation of these rates will be submitted immediately upon receipt from C & W Ltd

AM  
Sup Evt  
10/4/38

M.

Submitted. According to  
 red (19) the new rates will  
 be introduced on 25<sup>th</sup> April,  
 but public announcement may  
 be made on the 8<sup>th</sup> April.

2. The Supr. Elec. Dept.  
 received on the night of the  
 4<sup>th</sup> inst: a circular telegram  
 from Cable and Wireless, Ltd.,  
 presumably about these rates  
 but ~~was~~ apparently it was  
 in a special code we  
 have not got. The Supr. sent  
 a service message saying it  
 was not possible to decode  
 the message.

W.H.C.

6.4.38

The new rates can be  
 published here at 10<sup>o</sup> local  
 time on the 8<sup>th</sup> inst. They  
 will be presumably be announced in  
 the news transmission by radio in  
 the afternoon. Can a notice be  
 put up outside the Telegraph Office  
 at 1 p.m.? That seems preferable  
 to holding up the paper.

W.H.C. 6/4/38

A confid. telegram can also be sent to P. George for  
 announcement at 8<sup>o</sup>.

O.C.S.

The Subr. Exec. Dir. may get a message tonight the Notices & new rates must be prepared tomorrow and Confd: telegram sent to S. George.

MCH.  
8. 4. 38

Telegram to Registrar, S.G. No. 18 of 7. 4. 38. (20)

Government Notice No. 23 of 7. 4. 38. (21)

Please send the following telegram to the S.G.

~~Excerpt~~

On the inauguration of reduced Empire Cable Rates today I would like that the warm appreciation of the Government and people of the Falkland Islands may be conveyed to Cable & Wireless Ltd

~~for Attorney~~

ttttt 25/4/38

Telegram No. 18 to S.G. of 25. 4. 38. (22)

Telegram from Chairman, Cable & Wireless, Ltd. 25/4/38. (23)

*H.*

Submitted.

MCH  
C.S.

26, 4. 38

(22) (23) can be published. Please have enclosed sent in plain language as a Service message  
~~ttttt~~ 26/4/38

24. Telegram to Chairman, Cable and Wireless, Ltd 26/4/38.

25. Notice for 'Penguin' of 27. 4. 38.

26-27. Circular Note from S.O.S of 5. 5. 38.

28-29. S.O.S. Despatch No. 49 of 20. 5. 38.

*H.*

Submitted. Red (28) was

covered by red (25).

MCH  
C.S.  
20. 6. 38

~~ttttt~~ 20/6/38

P.A.

30 S.O.S. Confere. of 13/9/38

Supervisor Gen. Dept.

us? This does not affect

MCH  
C.S.  
4. 11. 38

Hon C. S.

No. We have never received  
press traffic via C. W. Ltd.

RM  
Sup Ert  
4/11/38

fr.

Submitted. No action  
appears called for.

trch  
cl  
8. XI. 38

RM 9/XI

S. of S. line (2) despatch of 28/10/38

31-32

Superv. Elec. Dept.

To note.

trch  
cl  
24. XI. 38

Hon Col Sec

Noted.

RM  
Sup Ert  
28/11/38

P. a.

33. Telegram from Bergen of 17. 12. 38.

Supr. G. A. T.

For your recommendations please a copy of the Cairo agreement has not been received in this office.

C. J. J. J.  
21/12/38

Hon Col Sec.

I recommend that as far as this administration is concerned, the arrangement be agreed to. Although ships are registered in this Colony, we are not approached with the various telegram accounts between those ships and the Norwegian telegraph administration

AM  
Sup Ex T  
21. 12. 38

Inform Bergen proposal is agreed to.

M. H.  
C. J.  
22. 12. 38

34. Telegram to Bergen of 22. 12. 38.

(35) Telegram from Lt. Empiregram, London of 13/2/39

36. Telegram to Chaviman, Empiregram, London of 18. 2. 39.

Supr. Elect. Dept.

In your observations and  
recommendations please.

W.H.  
E.S.  
17.2.39.

Hon. Col. Sec.

In so far as this administration  
is concerned I recommend the terms be  
agreed to.

We have had no press transmission  
to U.K. since the Rensselaer Expedition terminated  
in April 1937.

A.M.  
Supr. E.S.T.  
17.2.39.

There is hardly likely to be any  
press traffic except on rare  
occasions. Reply concerns with  
E.S.T. as regards traffic with  
Falklands and S. Georgia.

W.H.  
E.S.  
17.2.39.

Supr. E.S.T.

no note.

A.S.  
G. Jones  
18/2/39.

Hon. Col. Sec.

noted.

A.M.  
Supr. E.S.T.  
20.2.39.



37

Telegram from Empiregram 28 July

38.

Telegram to Bhaman, Empiregram London, 1.3.39.

Supr. Elec. Dept.

To note.

meH

ES  
6.3.39.

Hon Cal Sec

noted. Thank you.

AM.

Sup E & T

7.3.39

P.R.

39.

Letter from Harconi Int. Marine Com. Co., Ltd., of 9.2.39.

Supr. E & T

For your observations please.

AJG.  
for ES  
29/3/39

Hon Cal Sec.

Noted. I understand the arrangements to have commenced on 1/1/39 and have accordingly prepared the appropriate telegram statements on a sterling basis, as from 1st January 1939.

Messrs Cable & Wireless Ltd have been advised of this Govt's acceptance of the proposals which was contained in a Service telegram dated 28/6/38, and I presume it is necessary to also advise the mercantile co Ltd.

AM.

Sup E & T 2/3/39

Reply that the maximum word  
change of  $1/3$  is agreed to.

W.H.  
E.S.  
31. 5. 39.

Letter to Barconi Int. Com. Co. of 1/4/39. (40)

Sup<sup>r</sup> Elec. Dept.

To note.

W.H.  
E.S.  
1. 4. 39.

Hon Callee

noted.

W.H.  
Sup E. I.  
4/4/39.

P.A.

Minutes from Sup. C. & G. of 25/4/39.

41-43

Sup<sup>r</sup> Elec. Dept.

Reply we agree.

W.H.  
E.S.  
27. 4. 39.

Hon. Col. Sec.

Agreement telegraphed.

July. Supr. E. Dept.  
27/4/39.

The arrangement should be  
published and broadcast for  
general information.

Inform also W.F. and  
S. Georgia.

W.H.  
E.S.  
28. 4. 39

Sec.

action was taken on 27/4/39  
by Supr. E & T. to broadcast  
information as directed.

A.J.G.  
C. J. G.  
27/4/39

Yes, but a Notice should issue  
and be published in Church  
news.

met  
C.J.G.  
29. 4. 39.

Ag. Supr. E & T.

I have spoken to you  
regarding the publication of  
notices.

A.J.G.  
C. J. G.  
1/5/39

Hon Col. Sec.

Yes. Notices published 29/4/39.  
Notices were also broadcast. 27/4 28/4 &  
29/4. Service telegrams giving full details  
were transmitted to Foxbay, Pebble Is. S' Carlos  
and S' Georgia 27/4/39. a further notice  
will appear in Church paper.

File a copy herein  
please.  
met  
C.J.G.  
3. 5. 39

Ag. Supr. E & T  
2/5/39

Ag. Sup. E. & T.  
Will you please file a copy  
of notices herein

RWA  
for cl.  
3/5/39

Hon. Col. Sec.

Copy attached.

(44)

J. Ag. Supr. E & T.  
11/5/39.

Letter from Telecommunications Dept. of 12.5.39.

(45)

Ag. Supr. E & T.

For your recommendations  
please.

C. J. J.  
for cl.  
21/7/39

Hon. Col. Sec.

Re (45). Suggest full  
agreement. paras (a) (b) & c.  
accounts could be rendered on  
sterling basis as from July 1st. 1939.

J. Ag. Supr. E & T.  
25/7/39.

Letter to Telecommunications Dept. of 26/1/39 (46)

Ag. Supr. Gen. Dept.

To note.

in CH  
cl.

27. 7. 39

Hon. Col. Sec.

Noted. Thank you.

J. Ag. Supr. E & T. 27/7/39.

(47)

(48)

S. of S. Circ. despatch of 20/6/39.  
" despatch no. 66 of 7/4/39.

Superior Exec. Dept.

To consider reads 47  
and 48 and for your  
recommendations please.

mch  
cl  
1.9.39.

Hon. Col. Sec.

Matter has been ~~not~~ dealt  
with in previous paper.

Sterling accounting (Ref  
reads 47 + 48) has been adopted.


J. H.  
Jag. Supl. Exr  
26/9/39.

49. Despatch No. 109 to S. of S. of 2.10.39.

The Despatch submitted for  
Signature.

mch  
cl  
2.10.39.

P.H.  
3.10.39.

 2/10

(50) Letter from Telecommunications Dept; G.P.O, 15.9.39.

Supervision Elex: Dept.

To note

M.H.

15-XI-29.

Hon. Col. Sec.

Noted. Thank you.

Jm  
for Sup. Est.  
7/11/34.

Minute from Sup. E. & J. Dept. of 19. 11. 45 51.

Minute to the N.O. of 28. 11. 45. 52.

" from " " 29. 11. 45. 53.

DECODE.

TELEGRAM.

From Secretary of State for the Colonies,

To His Excellency the Governor,

Despatched: 28th April, 19 37. Time: 0042.

Received: 28th April, 19 37. Time: 1100.

No. 48. Confidential. Circular. For the purpose of Confidential comprehensive enquiries here into cable and Wireless rates please telegraph by May 7th with any observations you may wish to offer, whether there has been any evidence of substantial and responsible public dissatisfaction present telegraph rates (a) with United Kingdom (b) on any other important lines of communication.

For the purpose of answering this telegram please do not pursue enquiries beyond strictly official circles.

SECRETARY OF STATE.

DECODE.

TELEGRAM.

From His Excellency the Governor,

To Secretary of State for the Colonies.

Despatched: 29th April, 19 37. Time: ...

Received: ... .. 19 ... Time: ...

Redl.

No. 37. Confidential. Your telegram No. 48 there has been ample evidence of dissatisfaction in connection with present telegraph rates to the United Kingdom and Norway which were forced up by Cable and Wireless Limited. I have referred to the position in my despatch No. 67 of 20th April and will be glad to know whether it is desired that I communicate full observations by telegram or should make them after my arrival in the United Kingdom on 15th June.

GOVERNOR.



74/57.

(5)

DECODE.

TELEGRAM.

*From His Excellency the Governor,*

*To Secretary of State for the colonies.*

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*Despatched: 11th May, 19 37. Time: ...*

*Received: ... .. 19 ... Time: ...*

No. 40. Confidential. Your telegram No. 51 telegraph rates the leading local business firms protested vigorously against increase in rates agreed to by this Government in 1933 on demand of Cable and Wireless Limited who insisted on increase in rates to Bergen. I understand that Farmers in Conference this week intend record renewed protest. While local rate is 2/6 a word steamship Lafonia can send wireless messages under licence from Postmaster General at 1/- a word when outside territorial waters.

GOVERNOR.

CIRCULAR.

CONFIDENTIAL.

Downing Street,

17th August, 1937.

Sir,

I have the honour to inform you that during May, June and the early part of July a conference was held in London under the Chairmanship of Mr. Edward Wilshaw, Chairman of Cable and Wireless Limited, at which representatives of the United Kingdom, Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, India, and Southern Rhodesia took part, together with a member of the Colonial Office as liaison officer. A print is enclosed of Resolutions and a Memorandum of Conclusions drawn up by the Conference and signed, subject in certain cases to the reservations set out, by all the chief delegates. The Colonial Office Liaison Officer undertook to recommend the proposals to the Colonial Office. It is, however, understood by the Company that this recommendation is subject to examination of the precise implications of the conditions of the scheme in connection with each dependency. The conclusions of the Conference have been notified to the Imperial Communications Advisory Committee who have approved the arrangements as constituting a satisfactory settlement.

2. The central feature of the scheme is the introduction, as soon as possible, of a flat telegraph rate of  $1\frac{1}{3}$  sterling per word for inter-Empire traffic and a flat rate of  $2\frac{2}{9}$  sterling per word for traffic from Empire countries to Japan. The Empire flat rate is subject to the principle that there should be no increase in any existing rate. The subsidiary classes of traffic would be code telegrams at  $66\frac{2}{3}$  per cent. of the full rate, subject to no increase of any existing code rate, and deferred telegrams at 50 per cent. and letter telegrams at  $33\frac{1}{3}$  per cent. of the full rates. Press rates would remain unchanged and charges for urgent traffic would, as at present, be double the full rate.

The Officer Administering  
the Government of

The full rate of 2/9 per word from Empire countries to Japan would also be subject to the principle that there should be no increase in existing rates, while the above remarks on subsidiary classes apply to this Japanese traffic except that the code telegram rate would remain at 60 per cent. of the full rate. A uniform ordinary rate of 2/9 gold sterling (i.e., the equivalent of 3.45 gold francs) would be applied to traffic from Japan to Empire countries, subject to no increases of existing rates.

3. The scheme is estimated, on the basis of present traffic, to cost Cable and Wireless Limited and its Associates over £400,000 per annum, and it is an essential part of the scheme and has been agreed in principle at the Conference that, subject to various adjustments to meet local conditions, administrations should reduce their terminal taxes on Empire traffic to 1½d. for full rate traffic (with proportionate rates for other classes) except that where such taxes are already lower they shall remain unchanged. In the case of Japanese traffic, it is proposed to reduce each part of the parcours, including terminal and transit charges, proportionately to the reduction made on the whole rate. The financial effect of the above in regard to individual dependencies is at present being examined with the help of the Company. In a number of cases a loss of revenue to the administration will be involved, and I propose in these cases to address, as soon as possible, separate communications to the dependencies concerned.

4. It is naturally hoped that the rate reductions will result in substantial increase in traffic, but the extent of such increase must be a matter for conjecture.

5. It must be recognized that the Company have put forward, at considerable financial risk, a comprehensive and courageous scheme which goes further in the way of generosity, particularly to the Colonial dependencies, than was or could have been expected.

6. I may say that the Company attach no little importance to the hope—which I share—that this substantial evidence of good will on their part will evoke a sympathetic response from administrations, not only in regard to questions arising out of the application of the scheme, but also in regard to the varied problems which arise from time to time in the relations of the Company with administrations.

7. I must emphasize that, although it is hoped, and is important, to commence the scheme at an early date, its application is still contingent upon the settlement of certain connected questions at present under discussion, and that meanwhile, for reasons which will be obvious, the information in this despatch should be treated with the strictest confidence.

I have the honour to be,

Sir,

Your most obedient, humble servant,

W. ORMSBY GORE.

SECRET

## RESOLUTION BY RATES CONFERENCE

---

1. The Rates Schedule of Cable & Wireless Ltd. has been examined by a Rates Committee under the Chairmanship of Mr. Edward Wilshaw, the Government approved Chairman of Cable & Wireless Ltd., in joint conference with the delegates appointed by the Governments of the United Kingdom, Canada, Australia, New Zealand, South Africa, Southern Rhodesia and India, with the intention of formulating an acceptable Rates Scheme.

2. The conclusions of the Conference are set out in the Memorandum of Conclusions attached.

3. The Conference considers that the arrangements set out in the Memorandum of Conclusions constitute an acceptable Rates Scheme and recommends these arrangements for the approval of the Governments concerned.

4. The Conference understands that the Rates Scheme on which it has reached agreement is subject to negotiations by Cable & Wireless Ltd. with its Associated Overseas Companies and any other parties whose interests under existing agreements are affected.

5. The Conference understands further that the application of the Rates Scheme is dependent upon negotiations on other matters between the Governments and Cable & Wireless Ltd.

6. The Conference notes that the Chairman of Cable & Wireless Ltd. invites the representatives of the Overseas Administrations to return to London, at the Company's expense before the expiry of the first five year period, for a further Conference.

(Signed) W. R. BIRCHALL.	E. A. STURMAN.
V. I. SMART.	C. J. SWIFT.
H. P. BROWN.	G. V. BEWOOR.
G. McNAMARA.	

I have attended the meetings of the Conference as liaison officer, and I am prepared to recommend these proposals, in so far as they concern the Colonial Dependencies, to the Colonial Office.

(Signed) E. B. BOWYER.

On behalf of the Rates Committee

(Signed) EDWARD WILSHAW.

ELECTRA HOUSE,  
VICTORIA EMBANKMENT,  
LONDON, W.C.2.

7.7.1937.

RATES CONFERENCE

MEMORANDUM OF CONCLUSIONS

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1. The Conference has examined the Rate Structure of the Cable & Wireless Ltd. system and agrees the following :—

2. A uniform rate to be applied within the Empire, with a code rate of  $66\frac{2}{3}$  per cent. of the full rate, with the proviso in each case that no existing rate is to be increased under this scheme.

3. In any reductions that may be possible during the first period of five years the principle of the uniform rate to be maintained. In the application of the provisions of the Treasury Agreement after the five year period, the Imperial Communications Advisory Committee to approach the question of rate reductions from the point of view of preserving the rate structure now decided upon, but reserving the right to depart from that structure should circumstances make it expedient to do so.

4. The uniform rate in the sterling territories to be 1s. 3d. sterling.

5. In the territories which are not on sterling this uniform rate to be expressed in the appropriate currencies as and when agreed between the Administrations concerned and Cable & Wireless Ltd.

6. No existing terminal or transit rate on Empire traffic to be raised. No terminal or transit rate on such traffic to exceed 1½d. sterling except as and when agreed between the Administrations concerned and Cable & Wireless Ltd. and its Associated Companies.

7. A uniform rate to be applied Empire/Japan of 2s. 9d., but leaving Canada to Japan rates unchanged.

8. A uniform rate to be applied Japan to Empire equivalent to 2s. 9d. gold sterling (*i.e.*, the equivalent of 3·45 gold Francs).

9. Where the 2s. 9d. rate Empire/Japan and Japan/Empire represents a reduction in the present tariffs each part of the total rate, including terminal and transit taxes on each stream of traffic, to be reduced in proportion to the total reduction made in each case.

10. The above rates to be put into effect, in so far as Cable & Wireless Ltd. has power to do so, as soon as possible in 1937.

11. The Governments to accord the Cable & Wireless Ltd. system their fullest support and co-operation as an Imperial organization. In particular the Governments to agree—

- (a) to maintain the policy of concentrating overseas telegraph traffic on the system of Cable & Wireless Ltd. and its Associates ;
- (b) to use their best endeavours to stop the circulation of traffic over foreign services using circuitous routes, and to resist the routing of traffic through foreign organizations not established in their respective territories, where the Cable & Wireless Ltd. system has a suitable route which can carry the traffic ;
- (c) to continue the policy of resisting the authorization or opening of new circuits which would be detrimental to Cable & Wireless Ltd. or its Associates in the British Empire ;

- (d) to afford Cable & Wireless Ltd. and its Associated Companies overseas the opportunity of taking over on reasonable terms any external commercial wireless telegraph transmission services in the extra-European system at present operated by Governments where or if such services compete with the Companies' services ;
- (e) to extend Cable & Wireless Ltd.'s agreements and licences so as to run concurrently for 25 years with the United Kingdom licences, subject to such modifications as may be necessary arising from these proposals ;
- (f) to grant the Company, subject to reimbursement of actual out-of-pocket expenses, reasonable facilities for publicity in the offices of the Empire Administrations and in official publications dealing with communications ;
- (g) not to require terminal or transit payments on traffic handled exclusively by Cable & Wireless Ltd. and its Associates.

(Signed) W. R. BIRCHALL.

As a member of the Rates Conference I recommend to the Government of Canada careful consideration of the proposals in so far as they affect that Government and to the other Canadian parties concerned in so far as the proposals relate to them.

(Signed) V. I. SMART.

Signed by Mr. Brown subject to agreement being reached between the Commonwealth of Australia and Cable & Wireless Ltd. in regard to paragraphs 5 and 6, and on the understanding that the Commonwealth of Australia cannot accept the principle stated in paragraph 11 (g) so far as that country is concerned, but is prepared to take over collection and delivery, if the Company so desire, without cost to the Company.

(Signed) H. P. BROWN.

29.7.1937.

(Signed) G. McNAMARA.

E. A. STURMAN.

C. J. SWIFT.

Signed by Mr. Bewoor subject to agreement being reached between the Government of India and the Company on paragraphs 5 and 6 of the Memorandum of Conclusions.

(Signed) G. V. BEWOOR.

(Signed) E. B. BOWYER.

On behalf of the Rates Committee

(Signed) EDWARD WILSHAW.

7.7.1937.

# RATES CONFERENCE

---

## COMPOSITION

### RATES COMMITTEE

*Chairman* : EDWARD WILSHAW, Esq., J.P., Chairman, Cable & Wireless Ltd.  
R. E. LUFF, Esq., Accountant, Cable & Wireless Ltd.  
Major J. J. MUNRO, O.B.E., M.C., Traffic Manager, Cable & Wireless Ltd.  
E. ST. J. BAMFORD, Esq., C.M.G., Secretary, Imperial Communications Advisory Committee.  
J. MORISON, Esq., Messrs. Thomson McLintock & Co.

### GOVERNMENT DELEGATES

#### *United Kingdom of Great Britain and Northern Ireland*

W. BIRCHALL, Esq., C.B., Deputy Director General, General Post Office.  
F. W. PHILLIPS, Esq., C.M.G., Director of Telecommunications, General Post Office.  
F. STRONG, Esq., O.B.E., Assistant Accountant-General, General Post Office.

#### *Canada*

Colonel V. I. SMART, Deputy Minister of Transport.  
P. T. COOLICAN, Esq., Assistant Deputy Postmaster-General.  
H. BEAULIEU, Esq., Director of Administrative Services, Post Office.

#### *Australia*

H. P. BROWN, Esq., C.M.G., M.B.E., Director General of Posts and Telegraphs.  
E. H. BOURNE, Esq., Chief Inspector of Telegraphs.

#### *New Zealand*

G. McNAMARA, Esq., C.B.E., Director General of New Zealand Posts and Telegraphs Department.

#### *South Africa*

Lieutenant-Colonel E. A. STURMAN, C.B.E., Representative of the Union of South Africa on the Imperial Communications Advisory Committee.

#### *Southern Rhodesia*

C. J. SWIFT, Esq., Postmaster-General.

#### *India*

G. V. BEWOOR, Esq., C.I.E., Director General of Posts and Telegraphs.

#### *Colonial Office*

E. B. BOWYER, Esq.



(11)



FALKLAND ISLANDS.  
CONFIDENTIAL.

Downing Street,  
23 August, 1937.

Sir,

*Red 7*

I have the honour to refer to my Confidential Circular despatch of the 17th of August, concerning a scheme put forward by Cable and Wireless Limited for uniform maximum telegraph rates for inter-Empire traffic and for traffic between Empire countries and Japan.

3. Statements, prepared by the Company, are now enclosed, indicating their proposals for the division of the proposed 1/3d rate on wireless traffic to and from the Falkland Islands and South Georgia via the Falkland Islands - United Kingdom Wireless Service, and the financial effect, on the basis of 1936 traffic, of these proposals.

3. In the case of the great bulk of the traffic viz. between the Falkland Islands and the United Kingdom, the proposed division of the 1/3d. is obviously reasonable. In the case of other traffic, the amounts involved are so small that it seems undesirable, having regard to the general circumstances of the scheme, to cavil at the division proposed by the Company.

4. You will of course appreciate that the reduction of the rate to 1/3d. will no doubt in due course lead to a corresponding

THE OFFICER ADMINISTERING  
THE GOVERNMENT OF  
THE FALKLAND ISLANDS.

corresponding reduction of the rate on traffic routed via South America with consequent loss of revenue to the Falkland Islands on that traffic.

I hope that the application of the Company's proposals to the Falkland Islands and South Georgia will present no difficulty, but I shall be obliged if you will furnish me with your observations by telegren at the earliest possible date.

I have the honour to be,

Sir,

Your most obedient,  
humble servant,

(Signed) W. ORMSBY GORE.

FALKLAND ISLANDS

Traffic via Falklands - United Kingdom wireless

	<u>Empire Traffic</u>
	£
Present collections from Public (1936)	913
Proposed collections from Public on 1s.3d. basis	<u>411</u>
Gain to Public	<u>£ 402</u>

	<u>Perminals</u>	<u>Share of Parcours</u>	<u>Total</u>
	£	£	£
Administration's present receipts on forwarded traffic (2½d)	66	(Av.1s.1d) 342	408
Administration's proposed receipts on forwarded traffic (1½d)	41	(G.Btn. 157) 6d ) (Other 4) places 3d)	202
Loss to Administration	<u>£ 25</u>	<u>£181</u>	<u>£206</u>
Administration's present receipts on received traffic (3½d)	82	(Av.1s.1d) 423	505
Administration's proposed receipts on received traffic (1½d)	52	(G.Btn. 204) 6d ) (Other 1) places 3d)	257
Loss to Administration	<u>£ 30</u>	<u>£218</u>	<u>£248</u>
Total loss to Administration			<u>£454</u>

The Administration of the Falkland Islands would also lose a proportion of its share of the rate on traffic with South Georgia amounting to :- £ 27

The Company's loss on forwarded traffic would be slightly less than £196 and there would be a commensurate loss on received traffic.

Traffic with Japan is negligible.

9th August 1937

(8)

SOUTH GEORGIA

	<u>Empire Traffic</u> £
Present collections from Public (1936)	84
Proposed collections from Public on 1s.3d. basis	<u>36</u>
Gain to Public	<u>£ 48</u>

	<u>South Georgia Administration</u> £	<u>Trans- sit</u> £	<u>Falkland Isles Administration</u> Share of parcours £
Administrations' present receipts on forwarded traffic	(3d) 7	(5½d) 12	(1s.1d.) 30
Administrations' proposed receipts on forwarded traffic	(¾d) <u>2</u>	(¾d) <u>2</u>	(6d) <u>14</u>
Loss to Administrations	<u>£ 5</u>	<u>£ 10</u>	<u>£ 16</u>
Administrations' present receipts on received traffic	-	-	(1s.1d) 1
Administrations' proposed receipts on received traffic	<u>-</u>	<u>-</u>	(6d) <u>-</u>
Loss to Administrations	<u>-</u>	<u>-</u>	<u>£ 1</u>
Total loss to Administrations	£ 5		£ 27

X Traffic with South Georgia circulates via Falkland Islands and it has been assumed that an onward payment of 1½d. would be divided equally between the two Administrations.

The loss to the Company on forwarded traffic would be £17 and there would be a small loss on received traffic.

Traffic with Japan is negligible.

7.8.1937.

DECODE.

TELEGRAM.

From His Excellency the Governor,

To Secretary of State for the Colonies.

Despatched: 4th December, 19 37. Time: ...

Received: ... .. 19 ... Time: ...

Red 12  
Red 11

No. 82. Confidential. Your telegram No. 101 your despatch of 23rd August Confidential. I see no reason why the proposed rates should not be given a trial for a fixed period provided that in any circumstances direct communication with Norway is not discontinued as this service is operative when communication direct to the United Kingdom or Montevideo cannot be established.

1  
AM

It is presumed that the uniform rate of 1/3 will be reduced to 66<sup>2</sup>/<sub>3</sub> rds per cent for code telegrams 50 per cent for deferred telegrams and 33<sup>1</sup>/<sub>6</sub> per cent for letter telegrams as stated in paragraph 2 of your Confidential Circular Despatch of 17th August.

GOVERNOR.

14

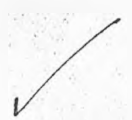


FALKLAND ISLANDS.  
CONFIDENTIAL.

Downing Street,  
12 January, 1938.

Sir,

Red. (13)



I have the honour to acknowledge the receipt of your telegram No. 82 Confidential of the 4th of December, 1937, and to inform you that as the scheme put forward by Cable and Wireless Limited for uniform maximum telegraph rates for inter-Empire traffic and for traffic between Empire countries and Japan does not preclude the continuance of the direct service to Norway the acceptance of the proposals by the Falkland Islands Government is assumed.

Red. (20)  
w.f. 6/6/35

2. The question of the continuance of the use of the Bergen route will be considered independently upon the receipt of your reply to my despatch No. 117 of the 9th of September, 1937. In this connection Cable and Wireless Limited have observed that there is no reason why a service to Norway should be more satisfactory than one to England, and that your statement that the service is operative when communication direct to the United Kingdom or Montevideo cannot be established, probably refers to the fact that Falkland Islands schedules with Norway are more frequent than those with the United Kingdom.

I have the honour to be,  
Sir,  
Your most obedient,  
humble servant,

GOVERNOR

(Signed) W. ORMSBY GORE.

SIR HENRIK HATON, K.C.M.G.,  
etc., etc., etc.

DECODE.

TELEGRAM.

*From* Secretary of State for the Colonies,  
*To* His Excellency the Governor.

*Despatched*: 16th February, 19 58. *Time* :2555.  
*Received*: 17th February, 1958 *Time* :1150.

Red 7

Circular. No.11. Confidential.. My Circular despatch 17th August Confidential Circular. Cable and Wireless Limited have decided to introduce inter-Empire rates scheme on March 1st. Public announcement will be made here at 4 p.m. Greenwich mean time on February 21st. after which you may give new rates such local publicity as you consider appropriate.

Scheme for special rates to Japan is in abeyance and must still be kept Confidential.

No notification is to be made to Berne in respect of new rates.

SECRETARY OF STATE.

C/14+/37.

DECODE.

TELEGRAM.

From The Secretary of State for the Colonies.

To His Excellency the Governor.

Despatched :	<u>19 February</u>	1938	Time :
Received :	<u>19 Feb</u>	1938	Time : 18.30

Red 15.

No. 12. Circular. Confidential. My telegram of 16th February Circular regret owing to developments at Cairo Telecommunication Conference it is necessary to postpone both the publication and introduction of rate scheme until shortly after Cairo Conference. Please ensure that scheme remains Confidential meanwhile.

SECRETARY OF STATE.





18

CIRCULAR

SECRET

Downing Street,

11th January, 1938..

Sir,

*Red 9*

With reference to my confidential circular despatch of the 17th August last on the subject of the rates reduction scheme put forward by Cable and Wireless Limited, I have the honour to transmit to you, for your information, a copy of a secret report of the Imperial Communications Advisory Committee dated the 30th November, 1937, on proposals in relation to Cable and Wireless Limited which has been laid before the Governments concerned as the result of negotiations carried out with the Company.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*W. Crossly Gore*

The Officer Administering  
the Government of

17

[This Document is the Property of His Majesty's Governments.]

*(Printed for the Imperial Communications Advisory Committee.)*

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SECRET

Copy No. 126

14-B.

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IMPERIAL COMMUNICATIONS ADVISORY  
COMMITTEE

---

REPORT  
TO THE  
GOVERNMENTS

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ELECTRA HOUSE,  
VICTORIA EMBANKMENT,  
LONDON, W.C.2.

*30th November, 1937.*

[This Document is the Property of His Majesty's Governments.]

*(Printed for the Imperial Communications Advisory Committee.)*

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SECRET

14-B.

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IMPERIAL COMMUNICATIONS ADVISORY  
COMMITTEE

---

REPORT  
TO THE  
GOVERNMENTS

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---

ELECTRA HOUSE,  
VICTORIA EMBANKMENT,  
LONDON, W.C.2.

*30th November, 1937.*



- To The Right Honourable NEVILLE CHAMBERLAIN, M.P.,  
Prime Minister of the United Kingdom.
- To The Right Honourable W. L. MACKENZIE KING, M.P.,  
Prime Minister of Canada.
- To The Right Honourable J. A. LYONS, C.H., M.P.,  
Prime Minister of the Commonwealth of Australia.
- To The Right Honourable M. J. SAVAGE, M.P.,  
Prime Minister of New Zealand.
- To General The Honourable J. B. M. HERTZOG, M.P.,  
Prime Minister of the Union of South Africa.
- To EAMON DE VALERA, Esq., T.D.,  
President of the Executive Council, Irish Free State.
- To The Honourable G. M. HUGGINS, F.R.C.S., M.P.,  
Prime Minister of Southern Rhodesia.
- To The Most Honourable The MARQUESS OF ZETLAND, G.C.S.I., G.C.I.E.,  
Secretary of State for India.
- To The Right Honourable W. G. A. ORMSBY-GORE, M.P.,  
Secretary of State for the Colonies.

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## COMPOSITION

*United Kingdom of Great Britain and Northern Ireland :*  
Sir Campbell Stuart, K.B.E.

*Canada :*  
Sir Campbell Stuart, K.B.E.

*Commonwealth of Australia :*  
Mr. Clive L. Baillieu, C.M.G., O.B.E.

*New Zealand :*  
Mr. M. B. Esson.

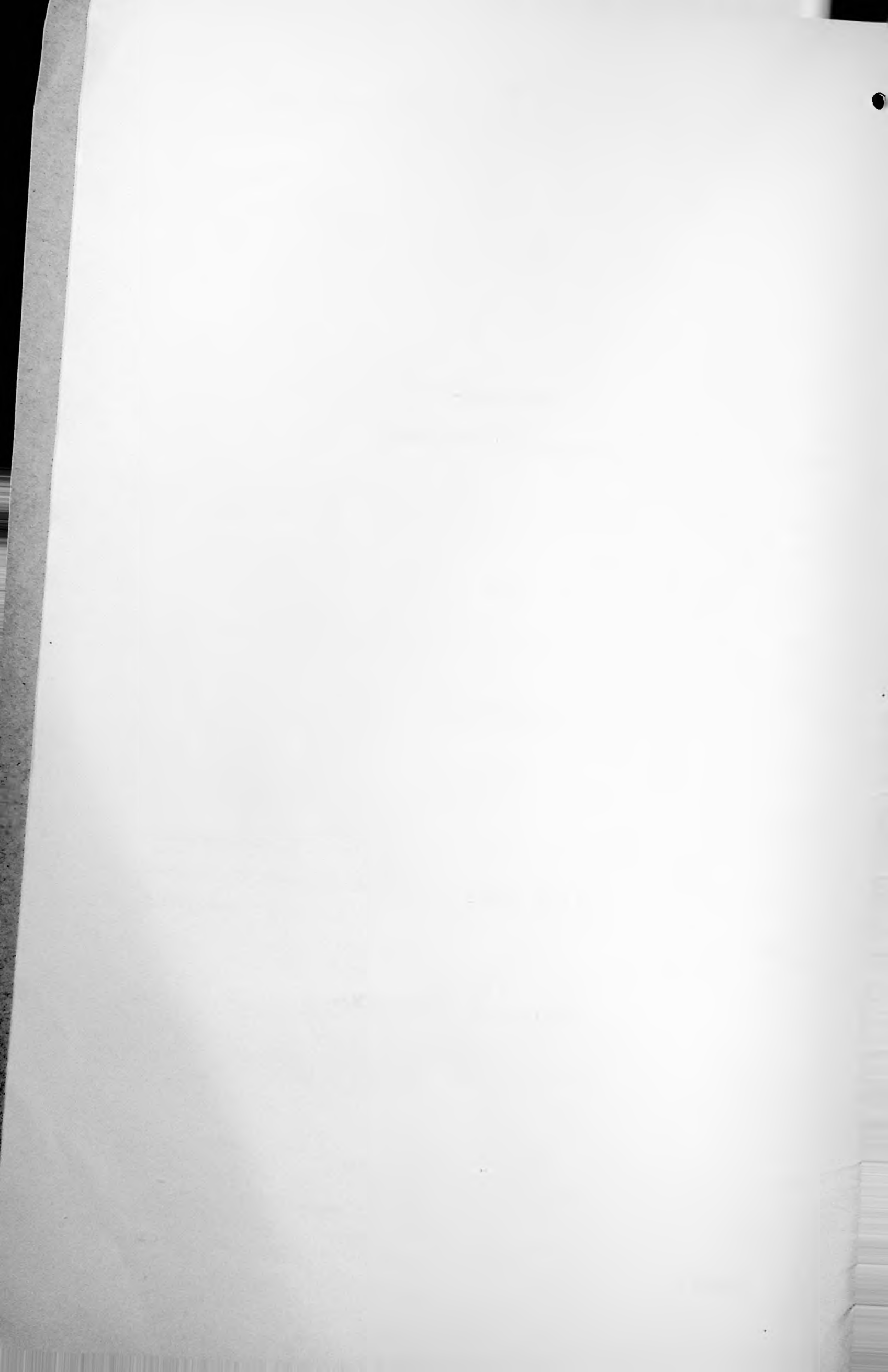
*Union of South Africa :*  
Lieut.-Colonel E. A. Sturman, C.B.E.

*Irish Free State :*  
Mr. John W. Dulanty, C.B., C.B.E.

*India :*  
Sir Firozkhan Noon, K.C.I.E.

*Colonies and Protectorates :*  
Sir Claud Hollis, G.C.M.G., C.B.E.

*Secretary :*  
Mr. E. St. J. Bamford, C.M.G.





## INTRODUCTION

1. The Imperial Communications Advisory Committee, appointed by the Governments of the United Kingdom, of the Dominions and of India, begs leave to submit the following Report on the proposals which have been laid before the Governments concerned as the result of the negotiations carried out with Cable and Wireless Limited since the Committee's last Report, dated 21st January, 1937 (Paper No. 13 B).

## THE NEGOTIATIONS LEADING TO THE PRESENT SCHEME

2. Very shortly after the present organisation was established in 1929, as the result of the Imperial Wireless and Cable Conference of 1928, the position of the undertaking began to give cause for anxiety. From 1930 onwards there were persistent difficulties as the result of the failure of C. & W. to earn its Standard Revenue, the pressure for the reduction of rates within the Empire, the intense and growing competition with the Company's services, and the danger of a breakdown of the common policy of the Imperial Governments which it was the object of the 1928 Conference to achieve.

3. Towards the end of 1935 matters came to a head with a claim by C. & W. that the whole position of telegraphic communications should be examined by the next Imperial Conference, and that various specific measures should be taken to remedy the inequalities which had arisen, and to afford the Company protection against foreign competition within the Empire.

4. After reference to the Governments concerned in May, 1936, the Advisory Committee was given full powers to investigate all the above matters in collaboration with the Company prior to the Imperial Conference, which it was then known would be held in May, 1937. Meantime, subject to certain minor reservations, the Governments agreed in principle that proposals for new direct wireless services and claims for reductions of rates should remain in abeyance.

5. At the same time certain changes were made on the Board of C. & W. in order to facilitate these arrangements. In June, 1936, Mr. Edward Wilshaw was appointed Chairman of the Company with the approval of His Majesty's Government in the United Kingdom ; while instead of there being, as previously, three Joint Managing Directors of C. & W., Mr. Wilshaw became sole Managing Director of that Company.

6. From July, 1936, onwards we carried out an examination of the whole position of the Company in close collaboration with Mr. Wilshaw. As the result of our review we came to the conclusion that the 1928 Conference scheme had achieved its main objects and that the basis of this scheme should be retained, that is the free association of the Imperial Governments in support of a system of overseas telegraph services owned and operated by private enterprise. We considered, however, that certain steps could be taken to strengthen the present organisation and to ensure closer Government co-operation with the Company, provided first some satisfactory way could be found of dealing with the difficulties arising from the existing rate schedule of the Company. In our last Report to the Governments, dated 21st January, 1937, we made a number of recommendations directed to this end, and we ascertained that the scheme which we then put forward would be acceptable to the directors of the Company.

7. After the observations of the Governments on our proposals had been received, further discussions took place with the Company and in March, 1937, agreement was reached as to the future procedure. In our Report we had recommended that the Governments should send the Permanent Heads of their respective Postal Administrations to London at the time of the Imperial Conference in 1937, to confer with a special committee which was set up to carry out a comprehensive examination of the Company's rate schedule. This special committee was to be under the Chairmanship of Mr. Wilshaw, the Government approved Chairman of C. & W., and to consist of two representatives appointed by the Company and two representatives appointed by the Imperial Communications Advisory Committee. This recommendation was accepted, and the Governments of Canada, Australia, New Zealand, South Africa, Southern Rhodesia and India, together with the United Kingdom Government, were all represented on the Rates Conference.

8. Prior to the setting up of this Rates Conference, the Governments agreed in principle, as we had recommended, on certain measures to be taken, if and when a satisfactory settlement was arrived at on the question of the rate schedule ; but certain other matters were left for further consideration after the conclusion of the Rates enquiry. It was thus agreed beforehand, as a basis on which the Rates enquiry could proceed, that the Standard Revenue of the Company should be written down to a 4 per cent. basis and that the Company should be relieved of the payment of the Beam rental in consideration of a portion of the existing capital of the Company being transferred to His Majesty's Government in the United Kingdom. The matters left outstanding for subsequent settlement were the question of compensation to the Company for the upkeep of strategic cables, and questions affecting the constitution of the Board and the Advisory Committee.

9. In April, 1937, arrangements were completed for the holding of the Rates Conference. On the Rates Committee, under the Chairmanship of Mr. Wilshaw, the Advisory Committee appointed as its representatives Mr. E. St. J. Bamford, C.M.G., the Secretary of the Advisory Committee, and Mr. John Morison, C.A., a partner in Messrs. Thomson McLintock and Co., the Advisory Committee's Financial Advisers. C. & W. appointed as its representatives Mr. R. E. Luff, Chief Accountant to the Company, and Major J. J. Munro, O.B.E., M.C., the Company's Traffic Manager. The following executive officials were appointed by the Governments to confer with the above Rates Committee :—

*United Kingdom* : Mr. W. R. Birchall, C.B., Deputy Director General, General Post Office, accompanied by Mr. F. W. Phillips, C.M.G., Director of Telecommunications, General Post Office, and Mr. F. Strong, O.B.E., Assistant Accountant General, General Post Office.

*Canada* : Colonel V. I. Smart, Deputy Minister of Transport, accompanied by Mr. P. T. Coolican, Assistant Deputy Postmaster General, and Mr. H. Beaulieu, Director of Administrative Services, Post Office.

*Australia* : Mr. H. P. Brown, C.M.G., M.B.E., Director General of Posts and Telegraphs, accompanied by Mr. E. H. Bourne, Chief Inspector of Telegraphs.

*New Zealand* : Mr. G. McNamara, C.B.E., Director General of New Zealand Posts and Telegraphs Department.

*South Africa* : Lieutenant-Colonel E. A. Sturman, C.B.E., Representative of the Union of South Africa on the Imperial Communications Advisory Committee.

*Southern Rhodesia* : Mr. C. J. Swift, Postmaster General.

*India* : Mr. G. V. Bewoor, C.I.E., Director of Posts and Telegraphs.

*Colonial Office* : Mr. E. B. Bowyer.

10. After the Rates Committee had held preliminary meetings to collect the necessary material for discussion with the Government delegates, the first meeting of the Rates Conference was held in May, 1937. In addition to its primary object of formulating an acceptable Rates scheme, the Conference afforded an opportunity for the discussion of the various problems affecting the relations between the Company and the Governments. After a number of meetings the Rates Conference reached agreement in July, 1937, on the basis of a Rates scheme which the Conference recommended for the approval of the Governments concerned. This scheme was embodied in a Memorandum of Conclusions of the Conference, attached as Appendix A, which we shall refer to in detail later in this Report.

11. The conclusions of the Rates Conference were communicated to the Advisory Committee at the end of July, 1937, and we had no hesitation in approving the arrangements proposed as constituting an acceptable settlement. At the same time, the respective delegates forwarded their recommendations to the Governments.

12. At this stage negotiations were re-opened with C. & W. on the other matters which had been left for further consideration after the conclusion of the Rates enquiry.

13. On the question of strategic cables, it will be recalled that in our Report of January, 1937, we recommended that, subject to further enquiry into details, the Governments should accept the principle of compensation to the Company for the upkeep of strategic cables not required for commercial purposes. When this recommendation came to be considered by the Governments, it appeared that there was little likelihood of complete agreement either on the principle of compensation or on the detailed procedure. It was contemplated in June, 1937, that this matter should be further investigated by an *ad hoc* Committee on which the Governments concerned would be represented, and over which our Chairman, Sir Campbell Stuart, was invited to preside. In the course of preparation for this Committee, it appeared, however, that the practical difficulties were even greater than had been anticipated, and that each proposal of the Company for the abandonment of a cable on commercial grounds which would involve compensation by the Governments was likely to give rise to prolonged and unsatisfactory arguments between the Company and the Governments. The whole arrangement might thus become a source of friction and misunderstanding. As a result, therefore, of further discussions between the United Kingdom Government and C. & W. it was eventually arranged that C. & W. should remain under obligation to maintain all the existing cables as at present without any right to compensation. Thus C. & W., as at present, will not be able to abandon any cables except with the approval of the Advisory Committee. It was agreed, however, that, after five years from 1st January, 1938, it should be open to the Company, if it so desired, to raise again the question of compensation for strategic cables, but without the Governments being committed in any way to grant such compensation. In consideration of this modification of the scheme originally agreed between the Advisory Committee and the Company the United Kingdom Government agreed with the Company to abate the amount of share capital to be transferred to the Government in return for the cancellation of the Beam rental (*see* paragraph 28 below).

14. Further discussions also took place with the Company with regard to the constitution of the Board and the Advisory Committee. In our Report of January, 1937, we recommended that seven directors should be added to the Board, each of whom should be nominated by the Board and approved by one of the Governments

now represented on the Committee. This recommendation was not unanimous, and an alternative scheme was provisionally accepted by the Company prior to March, 1937, under which the Advisory Committee was to be retained in some agreed form and, in virtue of its shareholding, the United Kingdom Government was to appoint additional directors to the Board. The number of the additional directors and the method of their appointment were left for subsequent settlement.

15. When these matters were re-opened with the Company after the Rates enquiry, it was agreed that the Advisory Committee should be retained with all its existing powers. The question of United Kingdom Government representation on the Board is a matter for settlement between the United Kingdom Government and the Company, and is still under consideration.

16. The Governments have thus before them for consideration the scheme which is set out in detail in the succeeding section of this Report. With regard to these proposals, it will be appreciated that there has been no question of default in the execution of the obligations of the Company towards the Governments which are laid down in the existing agreements. The proposal to modify the existing scheme has arisen from a recognition on both sides that the scheme in its original form was not working satisfactorily. Nevertheless, both sides would be entitled, if they wished, to retain the present organisation until the termination of these agreements in 1953. To amend the existing scheme has consequently involved a process of negotiation and agreement between the parties.

#### THE PROPOSED SCHEME

17. The scheme which has now been framed on the basis of the recommendations in our Report of January, 1937, falls naturally into three parts. First, the United Kingdom Government is asked to cancel the Beam rental and to grant other concessions to the Company, in exchange for a shareholding in the Company. Second, the Company is to write down the present Standard Revenue in order to provide a means for the general betterment of the Company's services throughout the Empire when a reasonable dividend has become available for the shareholders. Third, a new Rate scheme is put forward on the recommendation of the Rates Conference, which requires the Company to make large and immediate reductions of rates on many Empire routes, and asks the Governments on their side to reaffirm their resolution to maintain their common policy in support of the undertaking, in accordance with certain clearly defined principles.

#### PROPOSALS AFFECTING SERVICES IN THE UNITED KINGDOM

##### BEAM WIRELESS STATIONS

18. *C. & W. to be given the freehold of the Beam wireless stations in the United Kingdom now held on lease from the Postmaster General.*

##### COMMENT

19. Four Beam wireless stations in the United Kingdom, at Bodmin, Bridgewater, Skegness and Grimsby, respectively, were established by the General Post Office in 1926-27 for the operation of telegraph services with Canada, Australia, South Africa and India. In the 1928 negotiations the merger Companies desired to acquire the freehold of the Beam wireless stations, but agreed eventually to accept a 25-years' lease of these stations, expiring in 1953. It appears that the holding of the Beam stations by C. & W. on a lease basis is in general an obstacle to the real amalgamation of the cable and wireless services, and in particular hinders re-organisation of the wireless services in the United Kingdom. New plant cannot easily be incorporated in Beam stations which may have to be handed back to the Postmaster General in 1953, and no re-organisation scheme which

would dispense with any of the Beam stations can be considered. The grant to C. & W. of the freehold of the Beam stations will thus be a considerable advantage. By agreement with the Postmaster General in the United Kingdom, C. & W. is already given the benefit of free landline circuits between the Beam stations and the Central Telegraph Office. As a corollary of the proposal for the grant of the freehold of the Beam stations, it is intended that, if any of the Beam stations are given up, the United Kingdom Post Office should give the Company, free of charge, landline facilities elsewhere, equivalent to those existing landlines which can be superseded.

#### ANGLO-CONTINENTAL TELEGRAPH SERVICES

20. *The telegraph services between the United Kingdom and the Continent of Europe, operated at the British end by the General Post Office and C. & W. respectively, to be co-ordinated under a joint purse agreement to be concluded between the parties.*

#### COMMENT

21. The major portion of British telegraph traffic with the Continent is handled by the General Post Office and carried on submarine cables jointly owned by the General Post Office and the respective Continental Administrations, or on wireless circuits operated with more distant countries. C. & W., however, has a large Continental traffic, which is carried on the Company's cables or on wireless services which are operated subject to a royalty payable to the General Post Office. C. & W. is excluded from giving a terminal telegraph service with certain Continental countries, including Germany, Holland and Belgium, and is in direct competition with the General Post Office services, mainly in France, Switzerland, Austria and Italy and, in a lesser degree, with other countries where the Company has wireless circuits. Both on grounds of general policy and in the interests of the public user of the telegraph system, we consider that competition between C. & W. and the General Post Office in these services is undesirable. We understand that, subject to the general scheme being approved, His Majesty's Government in the United Kingdom has already agreed in principle to the establishment of a joint purse with the Company in respect of these services, and that negotiations for a detailed agreement are well advanced.

#### UNITED KINGDOM LICENCE OF C. & W.

22. *The Company's licence from the Postmaster General in the United Kingdom, which now expires in 1953, to be extended to run for a period of 25 years from 1st January, 1938, and to remain effective after that date unless and until action is taken by the Postmaster General to modify the same.*

#### COMMENT

23. We consider that, in general, the Company should be given the greatest possible security of tenure in the operation of its services. In the case of the United Kingdom also there is the consideration that the Government will acquire a permanent interest in the equity of the undertaking, in return for the freehold of the Beam stations and the cancellation of the Beam rental. On the other hand, the grant to the Company of a perpetual licence for the operation of its services is not practicable. Though the present United Kingdom licence conveys no monopoly to the Company, its terms may require adjustment from time to time, in view of developments in communications technique; and the Government should not be liable to damages if, for any reason, it should withdraw the licence after the expiry of 25 years; though the Company may reasonably expect to retain its licence thereafter, subject to any adjustments that may be mutually agreed. It is with this intention that it is proposed that the United Kingdom licence should remain effective after the period of 25 years unless definite action is taken to the contrary.

## FINANCIAL ARRANGEMENTS

24. (i) *His Majesty's Government in the United Kingdom to agree to the cancellation as from 1st January, 1938, of the rental now payable by C. & W. for the Beam wireless stations in the United Kingdom (£250,000 per annum plus 12 per cent. of surplus profits over the Standard Revenue).*

(ii) *His Majesty's Government in the United Kingdom to agree to the waiver by the General Post Office of a claim against C. & W. for a capital payment of £35,000 in respect of the transfer to the Company in 1930 of the wireless telegraph service with Kenya previously operated by the General Post Office.*

(iii) *In consideration of these arrangements, 2,600,000 £1 shares in C. & W. to be transferred to His Majesty's Government in the United Kingdom ; these shares to be found from the existing issued capital of C. & W. by agreement between the parties :*

## COMMENT

25. When the Beam wireless services were handed over to the Company in 1928, it was arranged that the Company should pay the United Kingdom Post Office an annual rental for the Beam stations in the United Kingdom, amounting to £250,000, together with an additional rental of 12 per cent. of any surplus earnings above the Standard Revenue. The Beam rental is payable by quarterly instalments beginning 1st April, 1928, until expiry of the lease in 1953, and has been duly paid up to the present date. The rental is charged as an operating expense by C. & W. There has been no excess revenue above the Standard and, consequently, no additional rental.

26. The result of the cancellation of the Beam rental and transfer of share capital to the United Kingdom Government is that the Government exchanges a prior charge of £250,000 per annum, payable until 1953, for a right to a variable dividend on £2,600,000 nominal in ordinary shares, to be held by the Government in perpetuity. In a year when a 4 per cent. dividend is declared, the Government shares will earn £104,000 gross, involving a sacrifice of Government revenue of £146,000 which will accrue to the benefit of the shareholders. This is a substantial concession on the part of the United Kingdom Government ; but we consider that the financial sacrifice is justified partly as a contribution to the maintenance of a great public service, and partly as a necessary condition of the revision of rates to the telegraph user which we refer to below, and the improvement of Imperial co-operation which should be afforded by the present scheme. It has been our object to spread the sacrifices which are essential to our scheme as fairly as possible among all the parties concerned ; and in weighing the concession which the United Kingdom Government is asked to make, it should be remembered that the other Governments as well as the shareholders are also expected to contribute under other parts of the scheme.

27. In 1930 the General Post Office in the United Kingdom agreed to transfer to C. & W. the operation at the British end of the Kenya Radio Service. As compensation for loss of revenue on the transfer, the General Post Office claimed, and C. & W. agreed to make, a capital payment of £35,000. Subsequently the General Post Office agreed to consider acceptance of a reduced amount, but no further action was taken and the claim is still outstanding. On general principles and having regard to the financial position of the communications services, we think it undesirable for charges to be levied by Governments on the overseas telegraph system except in respect of services rendered to that system by the Governments. We consider it reasonable, therefore, that this claim, and consequently also a small counterclaim of £750 by C. & W., should be waived.

28. The issued share capital of C. & W. consists of 30,000,000 £1 shares, which are owned partly by the Eastern and Associated Telegraph Companies, and the balance by Marconi's Wireless Telegraph Company, Limited. Under this proposal the United Kingdom Government will become substantially interested in the ownership of C. & W. by the transfer of a block of shares from the present owners to the Government, without increase of the existing capital. In the course of our negotiations we originally envisaged the transfer to the Government of 3,000,000 shares which, at their nominal value, might be regarded as representing roughly the present value of the remaining instalments due from and including 1st January, 1937, until the termination of the Beam rental. In the course of subsequent negotiations it was agreed by the United Kingdom Government to reduce this share consideration from 3,000,000 to 2,600,000 shares, partly on account of the continued payment of the Beam rental by C. & W. during the year 1937, and partly also to offset the modification of that part of our original scheme which proposed to give compensation to C. & W. for the upkeep of strategic cables (*see* paragraph 13 above). We consider that a close association between the United Kingdom Government and C. & W. is essential to the success of this great public service, and we think that this relationship is facilitated by the waiver of the Beam rental payment and the acquisition by the Government of a substantial shareholding in the Company.

#### THE STANDARD REVENUE

29. *Instead of the Standard Revenue Scheme set out in the Third Schedule to the Treasury Agreement of 29th May, 1929, C. & W. to be entitled, out of the balance of earnings of the Company available for dividend in each year, to pay a basic dividend not exceeding 4 per cent; one-half of any surplus earnings to be allocated to general purposes (including additional dividends) and the other half as directed by the Imperial Communications Advisory Committee for the benefit of Imperial communications, including the reduction of rates and the development, extension or improvement of the services.*

#### COMMENT

30. The object of this provision is to write down the Standard Revenue of C. & W. fixed by the 1928 Conference, and also to simplify the method of operation. Under the existing scheme the Standard Revenue of £1,865,000 represents in effect the normal amount which the Company may appropriate out of profits, without question, to its own purposes. The Governments do not guarantee that the Company will be able to earn the Standard Revenue and have no obligation to make up the Company's earnings to the figure when they fall short of it. If the Standard Revenue is reached, 12 per cent. of profits above the Standard are allocated to additional Beam rental, and the balance is to be divided, one-half to the general purposes of the Company, and one-half to the reduction of rates and development of the services under schemes approved by the Advisory Committee. So far this Standard Revenue has not been earned.

31. Nevertheless, the writing-down of the Standard Revenue to a 4 per cent. basis is a substantial concession by the shareholders of the Company. As we noted in our last Report, the present Standard Revenue of £1,865,000 corresponds in practice to an effective net revenue on the Company's Revenue Account of over £2,000,000. At present the Company would have to earn this sum of £2,000,000 after paying out of revenue £250,000 for the Beam rental, before any surplus revenue would be available in any year for rate reductions and other purposes. For 1936 C. & W. showed a balance on Revenue Account of approximately . . . £843,000 which would have been increased to . . . . . £1,093,000 if Beam rental had not been payable. In view of the improvement in message

receipts shown by the Company's Traffic Index in 1937, an improvement in net revenue for 1937 may be expected, and an increase of little over £100,000 would bring net revenue (without allowing for Beam rental) up to the new 4 per cent. standard of £1,200,000 per annum. If in any subsequent year as much as £2,000,000 net revenue were earned, the whole of which under the 1929 Agreement would be available for distribution among the shareholders, no less than £400,000 therefrom would be reserved, under the proposed new Agreement, for the sole benefit of the consumer. Taken together, therefore, the writing-down of Standard Revenue by the Company and the cancellation of the Beam rental by the United Kingdom Government represent a substantial contribution to the common interest of all the Governments.

32. It is also intended under this proposal to revise the complicated procedure for ascertaining the net revenue of the Company, which is at present prescribed by the Third Schedule to the Treasury Agreement. The exact form of the new arrangements which will be necessary remains for discussion with C. & W., and will presumably form the subject of a supplementary agreement at a later stage.

33. In this connection we recommend that consideration should also be given to a proposal which was put forward by the Company and sympathetically received by the Rates Conference, though it was regarded as outside the scope of their recommendations. This proposal was to the effect that if, in any year before 31st December, 1941, the net revenue of C. & W. is less than the new 4 per cent. Standard, the deficiency should be deducted in arriving at the net revenue in respect of the next subsequent year ending on or before 31st December, 1942. This proposal amounts, broadly, to an averaging of profits over the first five-year period for the purpose of the new Standard Revenue scheme. In view of the possible reactions on the Company's revenue of the new programme of rate reductions, this does not seem to us unreasonable.

#### THE RATES CONFERENCE CONCLUSIONS

34. A copy of the Resolution and Memorandum of Conclusions of the Rates Conference is attached as Appendix A to this Report. It is unnecessary, therefore, to recapitulate here the findings of the Conference. It may be useful, however, if we first explain in our own words the considerations on which the particular findings of the Conference appear to be based ; and, secondly, summarise the general effects of the Conference scheme.

#### RESOLUTION BY RATES CONFERENCE

35. This Resolution explains the constitution of the Conference and states that the Conference consider that the arrangements set out in the Conclusions provide an acceptable Rates scheme which it recommends for the approval of the Governments concerned. It is noted that the Rates scheme is subject to negotiations by C. & W. with its associated overseas Companies, and any other parties whose interests under existing agreements are affected. It is also noted that the application of the Rates scheme is dependent upon other negotiations between the Governments and C. & W., i.e., that the Rates scheme is part of the general scheme dealt with in our present Report. Finally, the Conference notes an invitation by the Company to all overseas delegates to attend a further Conference within five years of the new arrangements coming into operation. In view of the novel and complex problems which are likely to arise from the principle of a uniform overseas telegraph rate, we think that the opportunity should be welcomed of reviewing, in due course, the results of the present arrangements, in personal discussion between the Company and the responsible officials of the overseas Administrations.



## THE MEMORANDUM OF CONCLUSIONS

36. The Conclusions of the Conference may conveniently be divided into four items:—

- (i) The application of the principle of a uniform rate within the Empire (paragraphs 2–5).
- (ii) The regulation of terminal and transit rates for Empire traffic (paragraph 6).
- (iii) The application of a uniform rate between the Empire and Japan (paragraphs 7–9).
- (iv) The statement of the common policy which the Governments are recommended to apply in support of the Company as an Imperial organisation (paragraph 11).

37. We will deal with the paragraphs in the Memorandum of Conclusions in the above order.

## THE UNIFORM EMPIRE RATE

The Conference first lays down the principle of a uniform rate within the Empire (paragraph 2) on the basis of a maximum of 1s. 3*d.* sterling a word for full-rate traffic in the sterling countries (paragraph 4), and on such basis, in currencies not on sterling, as may be agreed in the other territories between the Company and the individual administrations (paragraph 5). In terms of paragraph 5, for example, special arrangements have been made, or are under negotiation, for fixing the uniform Empire rate in Australia and New Zealand at 1s. 3*d.* currency, and in India at 13 annas a word. Paragraph 3 provides that in the first five years any reductions in Empire rates which may be made, by the Company on its own initiative, or by the Advisory Committee as the result of surplus funds becoming available over the new 4 per cent. Standard Revenue, shall be uniform reductions of the basic Empire rate. After the five-year period (when the whole position may have been reviewed by the proposed further Conference) this restriction on the present powers of the Advisory Committee and on the Company no longer holds good, but it is intended that the bias should be towards preserving the uniform rate structure.

38. A further provision is made in paragraph 2 that the uniform rate for Empire code traffic shall be 66 $\frac{2}{3}$  per cent. of the full rate, instead of 60 per cent. as at present. The reason for this provision is to lessen the cost of the new proposals to the Company and to avoid the possibility of a subsequent variation in the coefficient. Experience has shown that the fixing of the code charge by the Telecommunications Conference at Madrid in 1932 at 60 per cent. of the full rate has favoured the users at the expense of the telegraph undertakings. At the next Telecommunications Conference, to be held at Cairo in February, 1938, consideration is to be given to the amalgamation of code and plain language tariffs, and the United Kingdom Government is to propose that the charge for the combined classes in the extra-European regime should be fixed at 66 $\frac{2}{3}$  per cent. of the full rate.

39. There is a further important proviso in paragraph 2 that in no case is any existing rate to be increased under the scheme. Thus, where existing full rates are below the uniform rate adopted there will be no change. Similarly, where existing code rates are less than 66 $\frac{2}{3}$  per cent. of the new uniform rate, these code rates will not be increased under the scheme.

40. The outstanding feature of the above proposals is the establishment of the principle of a uniform rate for all telegraphic traffic within the Empire, and it is significant that this uniformity is to be expressed on a sterling basis and not on the basis of the gold franc, which is ordinarily the common measure of telegraphic rates. The fact is that there is no intelligible basis for the present rate structure. Distance has practically ceased to count in the case of wireless traffic. Even in the case of cable traffic the variety of routes available on the Company's network of communications makes it extremely difficult to apply higher rates for longer distances. Moreover, the combination of cable and wireless in the system makes it anomalous to impose a differential rate for wireless and for cable traffic. To attempt to differentiate rates according to the volume of traffic on particular routes leads to discrepancies of rates between neighbouring territories. The costing of services on individual routes involves so many assumptions in the case of a world-wide network that costing gives no reliable guide in the fixing of rates. Finally, the differences in the gold equivalents applied in fixing rate collections have introduced another complexity.

41. Careful consideration of all possible alternatives has led the Company to propose the establishment on a sterling basis of a uniform rate for telegraph traffic within the Empire. If this object can be achieved it has obviously great advantages. The rates system becomes simple and intelligible, publicity is facilitated, and traffic within the Empire should be stimulated. Moreover, a uniform rate basis should bind together the different territories of the Empire and avoid the possible friction caused by competing claims for reductions of rates. This is specially important in the event of surplus revenue becoming available for rate reductions under the new Standard Revenue scheme. We see no reason why the principle of uniformity, which has long been applied with such advantage to postal traffic, should not prove equally beneficial to the telegraphic system and its users.

42. The immediate value of the uniform rate scheme to the various countries of the Empire depends, of course, on the extent to which existing rates are above the new level of 1s. 3*d.* a word.

43. A list of the present rates between Great Britain and the main countries of the Empire is shown in Appendix B to this Report. These rates are expressed in sterling, and the division of the rate is shown between terminal charges and the Company's parcoures. It will be observed that the minimum rate is the rate of 9*d.* per ordinary word to Canada, which rate will remain unchanged. The maximum rate from Great Britain is the rate of 3s. a word to Accra and Lagos (West Africa). In the reverse direction the maximum rate to Great Britain is the rate of 4s. 5*d.* per word from Hong Kong. These rates will be reduced to the level of 1s. 3*d.* sterling.

44. Appendix B also contains a list of the present rates (expressed in sterling) on the main streams of traffic within the Empire, excluding Great Britain. The minimum rate on these routes is the local rate of 3½*d.* sterling between Australia and New Zealand (which will remain unchanged), and the maximum rate is the rate of 3s. 4*d.* sterling from India to Australia.

45. The reductions of these rates to a maximum level of 1s. 3*d.* a word (without increase of any existing rates) should prove of great value in fostering trade and intercourse within the Empire. The benefits of the scheme will naturally apply in a larger degree to those countries where existing rates are high. This applies particularly to Colonial and inter-Dominion traffic, which offer great scope for development. The present rates for the longer distances will also be substantially reduced. For example, the existing cable rate of 2s. and wireless rate of 1s. 8*d.* from Great Britain to Australia will be equated at the lower level of 1s. 3*d.* a word.

46. It may be noted also that it is not proposed under the present scheme to deal with the Empire Press rates, except that, in the case of Australia, Press rates by cable are to be brought down to the level of the Press rates by wireless. Press rates are not proportionate to the ordinary rates and are already very low compared with the ordinary rates. We understand that at the Rates Conference it was felt necessary to deal first with the ordinary rate structure, but that it is intended that the question of Empire Press rates shall be given further consideration by C. & W. in due course, having regard to the special conditions applying to these rates.

#### TERMINAL AND TRANSIT RATES FOR EMPIRE TRAFFIC

47. Paragraph 6 of the Memorandum deals with the terminal and transit rates charged by Administrations in respect of Empire traffic which falls within the present scheme. Telegraph rates are composed of a terminal charge fixed by the Administration of origin, plus a parcours or carrying charge to the undertaking which carries the traffic to its destination, and a terminal charge fixed by the Administration of the country which receives the traffic. A transit charge may also be added where traffic is carried on a portion of the route over the territory of an intermediate Administration. Ordinarily, terminal charges are fixed to cover the cost to the Administrations of the collection and delivery of traffic, and are not levied in respect of traffic which the Company itself collects and delivers. Similarly, transit charges cover the cost of carrying traffic over the landlines of an Administration. In some cases, however, terminals and transits are in excess of the cost of the services given by the Administration, or may be charged where no such services are given. In these cases terminals and transits may thus represent, in whole or in part, a tax on the communication services.

48. At present terminal and transit rates are on a different basis in almost every country of the Empire, and in some countries are varied also according to the destination of the traffic. A list of the existing terminal charges for inter-Empire traffic (expressed in sterling) is shown in Appendix B. The amount shown is the total of the charges in the country of origin and the country of destination. In Great Britain the ordinary terminal charge for extra-European traffic is 6*d.* up to nine words and 1*d.* for each additional word. In New Zealand and South Africa the ordinary terminal and transit charge is 1*d.* a word. Other countries in the Empire show considerable variations in terminal and transit charges. For example, in Australia there is a charge of 2*d.* (Australian) a word for traffic exchanged with Great Britain, South Africa and Canada, with an increased rate up to 5*d.* a word for various specified countries.

49. It follows from the adoption of a uniform rate that there should be uniformity in terminals and transits. The general principle of the present scheme is that the rate of 1*s.* 3*d.* sterling a word should be made up of 1*s.* for parcours and 3*d.* to cover all terminals and transits. It is provided that no existing terminal or transit rate on Empire traffic should be raised by the Administrations concerned, and that terminals or transits should not exceed 1½*d.* sterling except where special conditions make it necessary to provide otherwise by agreement between Administrations and the Company concerned. Under this paragraph the Administrations in Australia, India and the East African Colonies, among others, are thus called upon to make substantial concessions.

#### THE UNIFORM RATE EMPIRE/JAPAN

50. Paragraphs 7 to 9 of the Memorandum deal with the question of the Japanese rates. We understand that, in the course of the discussions at the Rates Conference, it was intimated that C. & W. had under consideration the possibility

at a later stage of applying the principle of the uniform rate to world traffic outside the Empire ; but that, in view of the heavy cost of the reductions of Empire rates to be made under the present scheme, it was not found possible to deal at present with the general problem of rates between Empire countries and foreign points. An exception was made, however, in the case of rates with Japan. These rates have been particularly high, and have been the cause of constant complaint in various parts of the Empire over a number of years. For example, the present rate a word from Australia to Japan is 3s. 5*d.*, from New Zealand 3s. 9*d.*, from South Africa 4s., and from India 35 annas. The existence of these high rates has led to various proposals for the establishment of direct wireless services between Japan and the Empire. It was felt desirable, therefore, to deal with the problem of the Japanese rates. Accordingly it is proposed in paragraph 7 to adopt a uniform level of rates from the Empire to Japan of 2s. 9*d.* a word, which is the existing rate from Great Britain to Japan. The rates from Canada to Japan, being already close to this rate, are to be left unchanged.

51. The proposal to deal with rates from the Empire to Japan makes it necessary also to have some common basis for rates in the reverse direction, from Japan to the Empire. The proposal in paragraph 8 is that the word rate from Japan to Empire points should be reduced to the gold equivalent of 2s. 9*d.* sterling, *i.e.*, the equivalent of 3.45 gold francs. It is further proposed in paragraph 9 that, where the new rates between the Empire and Japan represent a reduction on the present tariffs, there should be a proportionate reduction in each component of the rate, including terminal and transit taxes on each stream of traffic.

#### THE POLICY OF THE GOVERNMENTS

52. Paragraph 11 of the Rates Conference Conclusions invites the Governments to give the C. & W. system their support and co-operation as an Imperial organisation, and specifies various ways in which this support may be given. In the main, therefore, this paragraph may be regarded as a reaffirmation of the accepted policy of the Governments which approved the Report of the Imperial Wireless and Cable Conference of 1928, which aimed to achieve, so far as practicable, unity of control and direction of the Imperial telegraph services, and emphasised that the authorisation or establishment of competing services within the Empire would be contrary to the objects of the scheme. In 1928 the Governments which were partners in the settlement accepted, in effect, a moral obligation to support the merger undertaking. In return this undertaking relieved the Governments of their cable commitments, assured the upkeep of the strategic cables, and agreed to its organisation being run on public utility lines under a substantial measure of Government control. As part of the present proposals, this undertaking has now agreed to face the cost of a great scheme of rate reductions throughout the Empire ; it desires to be assured, therefore, of the continued support of the Governments, which alone can safeguard the system against foreign competition within the Empire and thus enable the Company to maintain and cheapen the services which it operates. We are confident that C. & W. and its overseas associates desire only to safeguard and develop their existing business, while respecting the legitimate claims of foreign undertakings, and maintaining friendly relations with them. The strength of the great American Companies engaged in international communications lies in their control of the internal services of the U.S.A. The C. & W. system is confined entirely to overseas business, and its strength must depend on united action by the Administrations within the Empire to avoid the duplication of services where facilities are already adequate.

53. Paragraph 11 of the Rates Memorandum does not attempt to impose on the Governments any binding legal obligation towards the Company, which might be construed as limiting the sovereign rights of Governments in their particular territories. In the event of any radical change in the circumstances, it must be open to the Governments to reconsider their policy ; but the Company may fairly expect that no change will be made in the accepted policy for a period sufficient to enable the results of the new arrangements to be fully tested. An opportunity to review this whole question will arise if, as suggested, a further Conference is held on the lines of the Rates Conference before the end of the first five-year period after the new scheme operates.

54. With regard to the specific measures of support for the Company put forward in paragraph 11—

Clause (a) asks the Governments to use their powers to direct traffic wherever possible to the Company's system.

Clause (b) deals with the loss of traffic to the Company's system arising from competition by foreign services using circuitous routes. The development of new wireless services by foreign countries has been far beyond the needs of existing traffic. The search for traffic to meet the expenses of these stations has resulted in the linking up of services to form routes to distant points which often involve many re-transmissions. Many such services are also worked on short-time schedules, so that traffic is liable to considerable delay. With these disadvantages in accuracy and speed, traffic can only be obtained for such routes by offering the senders financial advantages. Traffic is thus diverted from long-established through routes, *e.g.*, Japanese traffic to South Africa has been diverted to the wireless route via Belgian Congo. The needs of long-distance international traffic cannot be adequately met by these indirect and occasional routes, and the general interest requires that the established main through routes should be protected from such competition. It is accordingly proposed that, where practicable, the Imperial Governments should refuse to recognise such routes as has already been done, for example, by the New Zealand Government in the case of French traffic routed via Tahiti wireless. In the case of outward traffic, the Governments are asked to resist the routing of traffic via foreign undertakings which do not operate in the Empire territories concerned, provided, of course, C. & W. has a suitable route.

Clause (c) asks the Governments to resist the opening of new circuits which would be detrimental to the system of the Company and its associates in the Empire, which is the purport of paragraph 44 of the 1928 Conference Report.

Clause (d) asks the Governments to further the principle of unification of the Imperial services by giving C. & W. and its associates a fair opportunity to take over competing wireless telegraph services operated by Governments. Internal services, non-commercial services and services within the European system are excluded. The clause is also not intended to apply to the services conducted by the General Post Office in the United Kingdom from the Rugby station ; *e.g.*, the Reuter's Broadcast service.

Clause (e) asks that the licences and agreements held by C. & W. in the Empire overseas should be extended for 25 years, as agreed for the Company's licence in the United Kingdom. This clause does not apply to the agreements and licences held by the associated overseas Companies in the Dominions and India. The hope was expressed to the Rates Conference, however, that when the agreements and licences of the overseas Companies come up for review the Governments concerned would give sympathetic consideration to an extension of these agreements and licences consistent, so far as possible, with the principles proposed to be applied in the case of C. & W.

Clause (f) asks the Governments to grant special facilities for publicity to C. & W. in Post Offices and official publications, in order to emphasise to the general public the special standing of the Company's Imperial system.

Clause (g) proposes that Governments should not require terminal or transit payments on traffic handled exclusively by C. & W. and its associates. The general principle underlying this proposal is that charges should not be levied by Governments on the undertaking, except to cover the cost of services rendered. We understand that it has been agreed that this clause does not apply to the royalties paid by the Company to the General Post Office in the United Kingdom in respect of certain wireless services to the Continent, which will be reviewed in connection with the Anglo-Continental joint purse scheme (paragraph 21 above). In view of the special conditions prevailing in Australia, a reservation was made on this clause by the Australian representative at the Rates Conference to the effect that the Commonwealth Government could not accept the principle stated, so far as Australia was concerned, but was prepared to take over collection and delivery of the Company's traffic in Australia, if the Company so desired, without cost to the Company. This reservation was accepted by C. & W.

#### GENERAL EFFECTS OF THE RATES CONFERENCE SCHEME

55. We understand that the total gain to the public throughout the Empire from the rate reductions under the scheme may be estimated at about £485,000 per annum, on the basis of existing traffic. Part of this amount will be recouped to C. & W. by contributions to be made by certain of the Administrations; e.g., by the reductions of terminal charges in Australia, India, Southern Rhodesia, the East African Colonies and other territories, which mean considerable sacrifices by these Administrations. But taking all these items into account, the cost of the scheme to the Company is expected to be over £400,000 per annum on existing traffic.

56. The scheme thus represents a great contribution by C. & W. to the betterment of Imperial communications. We are hopeful, however, that these substantial reductions in rates will lead to greatly increased traffic; and that, though there must be some immediate reduction in receipts, the ultimate effect will be to strengthen the Company's revenue position.

57. We hope also that reduced rates will lessen the force of foreign competition, by making it less profitable for foreign undertakings to establish new competitive wireless routes to divert traffic from the Company's system.

58. Finally, we hope that the inauguration of the principle of the uniform rate will serve not only to facilitate the process of rate reduction in the future, but to strengthen the common interest of the countries of the British Commonwealth in the maintenance and development of the system of inter-Imperial communications.

## BUSINESS AND MANAGEMENT OF THE COMPANY

59. Before we conclude our Report we wish to call attention to the further progress made by the Cable and Wireless group during the past year in overhauling the organisation which was set up in 1929. Among other things, the issued capital of C. & W. (H), which at 31st December, 1934, had reached a total of £52,687,046, has now been reduced to £24,879,943. In 1929 the directorate numbered 22. There are now 11 directors ; and in August, 1937, the Articles of Association were amended to provide that the directors should not be more than 15 in number and that, unless and until otherwise determined by the Company in General Meeting, they should not be less than 8 in number. The present directors have also voluntarily accepted a reduction by 20 per cent. of the remuneration to which they are entitled under the Articles of Association. These are matters of ordinary business and management which are strictly the sole concern of the directors and shareholders. Nevertheless, we welcome these steps by the Companies to put their house in order, and particularly the reduction in the capital of C. & W. (H), the need for which has been stressed by us in many previous Reports.

60. We understand also that the improvement of the conditions of the staff has been under consideration by the management, in view of the cuts in staff salaries made in recent years and the difficulties caused by the necessary reductions in the number of staff employed. The Rates Conference was informed in this connection that the Chairman of C. & W. desired to secure agreement to an arrangement for staff participation in excess profits. It was agreed that this question was outside the scope of the Conference. The Company appears, however, to be free to take such administrative action regarding staff bonuses should it wish to do so.

## CONCLUSION

61. We have in this Report recorded the negotiations which followed the scheme submitted to the Governments in our Report of January, 1937, and we have set out the proposals which have emerged, together with such explanation and comment as seems required.

62. The Governments have now before them a scheme which involves sacrifices by all parties for the common interest : by the United Kingdom Government, in particular, by the cancellation of the Beam rental ; by other Governments, mainly in respect of reductions in terminal charges ; and by the Company in relation to the Standard Revenue and the new Rates proposals. In our view the Company has made a striking and generous response to the concessions by the Governments, and we consider that the great programme of rate reductions and the establishment of the new principle of the uniform rate will be of the greatest value in encouraging telegraphic traffic and closer relations between all parts of the Empire.

63. We have every confidence that this scheme will commend itself to the Governments, who have already, in great measure, approved the principles on which it is based ; and we trust that every effort will be made to expedite the necessary negotiations between C. & W. and its associated companies overseas, so that the rate reductions proposed can be made operative by the end of 1937.

64. In conclusion, we desire to pay a tribute to the delegates to the Rates Conference for their outstanding achievement, and to Mr. Edward Wilshaw, the Chairman of C. & W., through whose good will and wise guidance of the Company's affairs so much has been done, since he took office, to promote the best interests of the Imperial communications scheme.

*(Signed)* CAMPBELL STUART.

C. L. BAILLIEU.

M. B. ESSON.

E. A. STURMAN.

J. W. DULANTY.

FIROZKHAN NOON.

CLAUD HOLLIS.

*(Signed)* E. ST. J. BAMFORD *(Secretary)*.

*30th November, 1937.*



## APPENDIX A

Secret

## RESOLUTION BY RATES CONFERENCE

1. The Rates Schedule of Cable & Wireless Ltd. has been examined by a Rates Committee under the Chairmanship of Mr. Edward Wilshaw, the Government approved Chairman of Cable & Wireless Ltd., in joint conference with the delegates appointed by the Governments of the United Kingdom, Canada, Australia, New Zealand, South Africa, Southern Rhodesia and India, with the intention of formulating an acceptable Rates Scheme.

2. The conclusions of the Conference are set out in the Memorandum of Conclusions attached.

3. The Conference considers that the arrangements set out in the Memorandum of Conclusions constitute an acceptable Rates Scheme and recommends these arrangements for the approval of the Governments concerned.

4. The Conference understands that the Rates Scheme on which it has reached agreement is subject to negotiations by Cable & Wireless Ltd. with its Associated Overseas Companies and any other parties whose interests under existing agreements are affected.

5. The Conference understands further that the application of the Rates Scheme is dependent upon negotiations on other matters between the Governments and Cable & Wireless Ltd.

6. The Conference notes that the Chairman of Cable & Wireless Ltd. invites the representatives of the Overseas Administrations to return to London, at the Company's expense before the expiry of the first five year period, for a further Conference.

(Signed) W. R. BIRCHALL.	E. A. STURMAN.
V. I. SMART.	C. J. SWIFT.
H. P. BROWN.	G. V. BEWOOR.
G. McNAMARA.	

I have attended the meetings of the Conference as liaison officer, and I am prepared to recommend these proposals, in so far as they concern the Colonial Dependencies, to the Colonial Office.

(Signed) E. B. BOWYER.

On behalf of the Rates Committee

(Signed) EDWARD WILSHAW.

ELECTRA HOUSE,  
VICTORIA EMBANKMENT,  
LONDON, W.C.2.

7.7.1937.

Secret

## RATES CONFERENCE

## MEMORANDUM OF CONCLUSIONS

1. The Conference has examined the Rate Structure of the Cable & Wireless Ltd. system and agrees the following :—
2. A uniform rate to be applied within the Empire, with a code rate of 66 $\frac{2}{3}$  per cent. of the full rate, with the proviso in each case that no existing rate is to be increased under this scheme.
3. In any reductions that may be possible during the first period of five years the principle of the uniform rate to be maintained. In the application of the provisions of the Treasury Agreement after the five year period, the Imperial Communications Advisory Committee to approach the question of rate reductions from the point of view of preserving the rate structure now decided upon, but reserving the right to depart from that structure should circumstances make it expedient to do so.
4. The uniform rate in the sterling territories to be 1s. 3d. sterling.
5. In the territories which are not on sterling this uniform rate to be expressed in the appropriate currencies as and when agreed between the Administrations concerned and Cable & Wireless Ltd.
6. No existing terminal or transit rate on Empire traffic to be raised. No terminal or transit rate on such traffic to exceed 1 $\frac{1}{2}$ d. sterling except as and when agreed between the Administrations concerned and Cable & Wireless Ltd. and its Associated Companies.
7. A uniform rate to be applied Empire/Japan of 2s. 9d., but leaving Canada to Japan rates unchanged.
8. A uniform rate to be applied Japan to Empire equivalent to 2s. 9d. gold sterling (*i.e.*, the equivalent of 3.45 gold Francs).
9. Where the 2s. 9d. rate Empire/Japan and Japan/Empire represents a reduction in the present tariffs each part of the total rate, including terminal and transit taxes on each stream of traffic, to be reduced in proportion to the total reduction made in each case.
10. The above rates to be put into effect, in so far as Cable & Wireless Ltd. has power to do so, as soon as possible in 1937.
11. The Governments to accord the Cable & Wireless Ltd. system their fullest support and co-operation as an Imperial organization. In particular the Governments to agree—
  - (a) to maintain the policy of concentrating overseas telegraph traffic on the system of Cable & Wireless Ltd. and its Associates ;
  - (b) to use their best endeavours to stop the circulation of traffic over foreign services using circuitous routes, and to resist the routing of traffic through foreign organizations not established in their respective territories, where the Cable & Wireless Ltd. system has a suitable route which can carry the traffic ;

- (c) to continue the policy of resisting the authorization or opening of new circuits which would be detrimental to Cable & Wireless Ltd. or its Associates in the British Empire ;
- (d) to afford Cable & Wireless Ltd. and its Associated Companies overseas the opportunity of taking over on reasonable terms any external commercial wireless telegraph transmission services in the extra-European system at present operated by Governments where or if such services compete with the Companies' services ;
- (e) to extend Cable & Wireless Ltd.'s agreements and licences so as to run concurrently for 25 years with the United Kingdom licences, subject to such modifications as may be necessary arising from these proposals ;
- (f) to grant the Company, subject to reimbursement of actual out-of-pocket expenses, reasonable facilities for publicity in the offices of the Empire Administrations and in official publications dealing with communications ;
- (g) not to require terminal or transit payments on traffic handled exclusively by Cable & Wireless Ltd. and its Associates.

(Signed) W. R. BIRCHALL.

As a member of the Rates Conference I recommend to the Government of Canada careful consideration of the proposals in so far as they affect that Government and to the other Canadian parties concerned in so far as the proposals relate to them.

(Signed) V. I. SMART.

Signed by Mr. Brown subject to agreement being reached between the Commonwealth of Australia and Cable & Wireless Ltd. in regard to paragraphs 5 and 6, and on the understanding that the Commonwealth of Australia cannot accept the principle stated in paragraph 11 (g) so far as that country is concerned, but is prepared to take over collection and delivery, if the Company so desire, without cost to the Company.

(Signed) H. P. BROWN.

29.7.1937.

(Signed) G. McNAMARA.  
E. A. STURMAN.  
C. J. SWIFT.

Signed by Mr. Bewoor subject to agreement being reached between the Government of India and the Company on paragraphs 5 and 6 of the Memorandum of Conclusions.

(Signed) G. V. BEWOOR.

(Signed) E. B. BOWYER.

On behalf of the Rates Committee

(Signed) EDWARD WILSHAW.

7.7.1937.

APPENDIX B

COMPOSITION OF PRESENT RATES ON MAIN STREAMS OF INTER-EMPIRE TRAFFIC

1. Empire Traffic to and from Great Britain (Rates expressed in sterling).

Great Britain.	Total Collection.	Terminal Outpayments.		Proportion accruing to Companies.	
		Great Britain.*	Other Zone.		
	s. d.	d.	d.	s.	d.
To Australia { (cable) .. .. .	2 0	1½	1½	1	9
{ (wireless) .. .. .	1 8	1½	1½	1	5
From Australia { (cable) .. .. .	1 7	1½	1½	1	4
{ (wireless) .. .. .	1 4	1½	1½	1	1
To Canada .. .. .	0 9	1½	1½	0	6
From Canada .. .. .	0 9	1½	1½	0	6
To India .. .. .	1 3	1½	2¼	0	10¾
From India .. .. .	1 3¾	1½	2¼	0	11½
To New Zealand .. .. .	1 8	1½	3¼	1	5¾
From New Zealand .. .. .	1 4	1½	3¼	1	1¾
To Rhodesia .. .. .	1 4	1½	2	1	0½
From Rhodesia .. .. .	1 4	1½	2	1	0½
To South Africa .. .. .	1 3	1½	1	1	0½
From South Africa .. .. .	1 3	1½	1	1	0½
To Straits .. .. .	2 10	1½	1½	2	7
From Straits .. .. .	2 10	1½	1½	2	7
To Accra and Lagos .. .. .	3 0	1½	—	2	10½
From Accra and Lagos .. .. .	3 0	1½	—	2	10½
To Bathurst and Sierra Leone .. .. .	2 6	1½	—	2	4½
From Bathurst and Sierra Leone .. .. .	2 6	1½	—	2	4½
To HongKong .. .. .	2 9	1½	—	2	7½
From HongKong .. .. .	4 5	1½	—	4	3½
To Barbados .. .. .	1 8	1½	—	1	6
From Barbados .. .. .	1 10	1½	—	1	8½
To Other Places, West Indies .. .. .	2 2	1½	—	2	0½
From Other Places, West Indies .. .. .	2 4	1½	—	2	2½
To Kenya { (cable) .. .. .	1 11	1½	4	1	5½
{ (wireless) .. .. .	1 6	1½	4	1	0½
From Kenya { (cable) .. .. .	1 11	1½	4	1	5½
{ (wireless) .. .. .	1 6	1½	4	1	0½
To Tanganyika { (cable) .. .. .	2 1	1½	4	1	7½
{ (wireless) .. .. .	1 8	1½	6	1	0½
From Tanganyika { (cable) .. .. .	2 1	1½	4	1	7½
{ (wireless) .. .. .	1 8	1½	6	1	0½
To Zanzibar .. .. .	1 8	1½	—	1	6½
From Zanzibar .. .. .	2 2½	1½	—	2	1
To Ceylon { (cable) .. .. .	1 5	1½	1	1	2½
{ (wireless) .. .. .	1 2	1½	4	0	8½
From Ceylon (cable) .. .. .	1 5	1½	1	1	2½
To Aden .. .. .	1 8	1½	—	1	6½
From Aden .. .. .	2 3	1½	—	2	1½
To Cyprus .. .. .	1 1½	1½	—	1	0
From Cyprus .. .. .	1 1½	1½	—	1	0
To Palestine { (cable) .. .. .	1 1	1½	2	0	9½
{ (wireless) .. .. .	0 10	1½	5	0	3½
From Palestine { (cable) .. .. .	1 5	1½	2	1	1½
{ (wireless) .. .. .	1 1	1½	—	0	11½

\* Note :—The rate shown is the conventional terminal. In actual practice the United Kingdom Post Office charges terminals only on such traffic as it collects and delivers, the rate charged being the inland telegraph rate of 6d. for 9 words, with 1d. for each extra word.

## APPENDIX B—continued.

## COMPOSITION OF PRESENT RATES ON MAIN STREAMS OF INTER-EMPIRE TRAFFIC

## 2. Inter-Empire Traffic excluding Great Britain (Rates expressed in sterling).

From		To		Total Collection.		Total Terminal Outpayments (Both Zones).	Proportion accruing to Companies.	
				s.	d.	d.	s.	d.
Australia .. ..	.. ..	New Zealand .. ..	.. ..	0	3½	1½	0	2
New Zealand .. ..	.. ..	Australia .. ..	.. ..	0	3½	1½	0	2
Australia .. ..	.. ..	Canada { (beam) .. ..	.. ..	1	1	3½	0	9½
		{ (cable) .. ..	.. ..	1	3	3	1	0
		{ (wireless) .. ..	.. ..	1	2	4	0	10
Canada .. ..	.. ..	Australia { (beam) .. ..	.. ..	1	5½	3½	1	2
		{ (cable) .. ..	.. ..	1	7	3	1	4
		{ (wireless) .. ..	.. ..	1	5½	3	1	2½
Straits .. ..	.. ..	India .. ..	.. ..	1	4½	7	0	9½
India .. ..	.. ..	Straits .. ..	.. ..	1	9½	6½	1	3
Canada .. ..	.. ..	West Indies .. ..	.. ..	1	6	1½	1	4½
West Indies—								
Bermuda .. ..	.. ..	} Canada .. ..	}	1	6	2	1	4
Barbados .. ..	.. ..			1	0½	2	0	10½
Other Places .. ..	.. ..			1	8	2½	1	5½
Straits .. ..	.. ..	Hong Kong .. ..	.. ..	1	0	1½	0	10½
Hong Kong .. ..	.. ..	Straits .. ..	.. ..	1	8	1½	1	6½
Pacific Islands .. ..	.. ..	Australia .. ..	.. ..	0	5½	1	0	4½
Australia .. ..	.. ..	Pacific Islands .. ..	.. ..	0	5	1	0	4
New Zealand .. ..	.. ..	Canada .. ..	.. ..	1	2½	3	0	11½
Canada .. ..	.. ..	New Zealand .. ..	.. ..	1	6	2½	1	3½
Australia .. ..	.. ..	India .. ..	.. ..	2	0	10	1	2
India .. ..	.. ..	Australia .. ..	.. ..	3	4	10	2	6
South Africa .. ..	.. ..	India .. ..	.. ..	2	2	4	1	10
India .. ..	.. ..	South Africa .. ..	.. ..	2	10½	4	2	6½
Kenya .. ..	.. ..	India .. ..	.. ..	1	8½	7½	1	1
India .. ..	.. ..	Kenya .. ..	.. ..	2	3	7	1	8
South Africa .. ..	.. ..	Canada .. ..	.. ..	2	0	2½	1	9½
Canada .. ..	.. ..	South Africa .. ..	.. ..	2	1	2½	1	10½
South Africa .. ..	.. ..	Australia .. ..	.. ..	1	8	2½	1	5½
Australia .. ..	.. ..	South Africa .. ..	.. ..	1	4	2½	1	1½
Straits .. ..	.. ..	Australia .. ..	.. ..	2	6	6	2	0
Australia .. ..	.. ..	Straits .. ..	.. ..	2	0	6	1	6
Egypt .. ..	.. ..	India { (cable) .. ..	.. ..	2	5	7	1	10
		{ (wireless) .. ..	.. ..	2	6	6	2	0
India .. ..	.. ..	Egypt .. ..	.. ..	2	6½	6½	2	0
South Africa .. ..	.. ..	Kenya .. ..	.. ..	1	9	3	1	6
Kenya .. ..	.. ..	South Africa .. ..	.. ..	1	9	3	1	6

DECODE.

TELEGRAM.

*From* Secretary of State for the Colonies,

*To* His Excellency the Governor.

*Despatched* : 26th March, 19 38. *Time* : 1330.

*Received* : 27th March, 19 38. *Time* : 1030.

Red 16

No. 15. Confidential. Circular. My telegram Of 19th February Circular. Cables and Wireless Limited have now decided to introduce rates scheme on April 25th. Information will be made public at 4 p.m. Greenwich mean time on April 8th. Apart from dates terms of my telegram of 16th February Circular applies.

Red 15

SECRETARY OF STATE.

DECODE.

TELEGRAM.

*From* The Colonial Secretary,.....

*To* The Magistrate, South Georgia. ....

*Despatched* : 7th April, 19 38. *Time* : ...

*Received* : ... .. 19... *Time* : ...

No. 18. Confidential. Cable and Wireless Limited propose to introduce flat telegraph rate of 1/3 sterling per word for inter-Empire traffic on 25th April next. Rates for messages transmitted from South Georgia to United Kingdom or any part of British Empire will be as follows:- Ordinary 1/4½, Code 11d. Deferred 8¼d. Information should be made public on 8th April.

COLONIAL SECRETARY.

No. 23.

GOVERNMENT NOTICE.

Colonial Secretary's Office,  
Stanley, Falkland Islands.  
7th April, 1938.

With reference to Government Notice, No. 35 of the 7th of March, 1935, it is hereby notified, for general information, that Cable and Wireless Limited propose to introduce on the 25th of April next a flat telegraph rate of 1/3 sterling per word for inter-Empire traffic.

Accordingly on and after the above date the telegraphic rates for messages transmitted from Stanley and South Georgia to the United Kingdom or any part of the British Empire will be as follows :-

	<u>Ordinary.</u>	<u>Code.</u>	<u>Deferred.</u>
<u>From Stanley.</u>	1/3	10d.	7½d.
<u>From South Georgia.</u>	1/4½	11d.	8½d.

By Command,

*MCH*

Colonial Secretary.



# GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

## SENT.

Number	Office of Origin	Words	Handed in at	Date
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26. 4. 38.

To EDWARD WILLSHAW  
 CHAIRMAN  
 CABLE AND WIRELESS LIMITED.

*Recd 23*

I RECIPROCATE YOUR PERSONAL GREETINGS CORDIALLY NEW RATES ARE  
 WARMLY APPRECIATED STOP THEY ARE A SUBSTANTIAL ADVANCE TOWARDS  
 PENNY A WORD CABLES.

HENNIKER HEATON  
 GOVERNOR  
 FALKLAND ISLANDS.

SERVICE MESSAGE.

Time

NOTICE FOR 'PENGUIN'.

His Excellency the Governor directs the publication for general information of the following telegraphic correspondence exchanged on the occasion of the inauguration of reduced Empire Cable rates on the 25th of April, 1938 :-

To the Secretary of State for the Colonies.

On the inauguration of reduced Empire Cable Rates today I would ask that the warm appreciation of the Government and people of the Falkland Islands may be conveyed to Cable and Wireless Limited.

GOVERNOR.

From Chairman, Cable and Wireless Limited.

From our central telegraph office in London where I am today inaugurating the new era in Empire Communications I take this opportunity to send Your Excellency this message of personal greetings with the earnest hope that the new rates may benefit social and commercial life of the people of your Islands.

EDWARD WILLSHAW  
CHAIRMAN, CABLE & WIRELESS LIMITED.

ELECTRA HOUSE,  
VICTORIA EMBANKMENT,  
LONDON, W.C.2.

11th May 1938.

Dear Sir,

On my return to the office from Scotland I found awaiting me your memorandum enclosing a copy of telegram No.18 from the Governor of the Falkland Islands, for which I thank you.

I should be greatly obliged if my sincere thanks could be conveyed to His Excellency and I should of course be pleased to frank a message to this effect.

Yours faithfully,  
(Sgd.) EDWARD WILSHAW  
Chairman.

The Under Secretary of State for the Colonies,  
Colonial Office,  
S.W.1.

CIRCULAR

CONFIDENTIAL

Downing Street,

13th September, 1938.



Sir,



With reference to previous correspondence regarding the introduction of a maximum uniform rate for Empire telegrams, I have the honour to inform you that representations have been made to Cable and Wireless Limited by the Empire Press Union with a view to the introduction of a flat rate for press telegrams within the Empire. After an examination of the Empire press rate structure Cable and Wireless Limited have stated that they are agreeable to the introduction of a maximum press rate within the Empire of 2½d. per word on the understanding that Administrations will accept 3/20ths of their present full rate terminal as their terminal for press telegrams. This is the proportion which 2½d. bears to 1/3d. and the suggested division of the rate would therefore appear to be reasonable.

2. The Company state that generally speaking international press traffic originates in or is destined to the principal town only in each country. In most cases therefore press traffic is handled exclusively by the Company and the Administrations are not concerned in losses on terminals. The total cost of the scheme is estimated at £42,300, of which about £36,000 would be borne by the Company. According to the information furnished by the Company, the revenues of the territories to which this circular despatch is being addressed will

The Officer Administering  
the Government of

either not be affected or will suffer only a negligible loss. I shall assume therefore, unless I receive telegraphic notification to the contrary by the **7 NOV**, 1938, that the scheme will present no difficulty in regard to the territory or territories with which you are concerned.

3. I have to request that the proposal may be treated as confidential at present, as Cable and Wireless Limited consider it advisable that the Press shall remain unacquainted with the scheme until it has been agreed by all parties concerned.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*Walcolm Macdonald*

DECODE.

TELEGRAM.

*From* Bergen,.....

*To* Colonial Secretary.....

*Despatched*: 17th December, 19 38. *Time*: 1000.

*Received*: 21st December, 19 38. *Time*: 1230.

Port Stanley via LGB to Colonial Secretary ~~Claro~~ Article 10  
propose radio letter SLT service according to this Article  
for ships licensed by you and Norwegian Coast Stations Coast  
charge will be fixed at Gold 3.75 up to 20 words and FCS TR  
.19 for each word in excess of 20 are you in agreement with.

34

# GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

## SENT.

Number	Office of Origin	Words	Handed in at	Date
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22. 12. 58.

To

BERMUDA

Red 33

YOUR TELEGRAM OF 17TH DECEMBER PROPOSAL, AGREED TO

COLONIAL, SECRETARY.

Time

c/14/38.

DECODE.

TELEGRAM.

From Chairman, Empiregram, London,.....

To Colonial Secretary.....

Despatched: 15th February, 19 39. Time : ...

Received : 16th February, 19 39. Time : 1100.

O/MS. With reference to new maximum interempire press rate of twopence farthing I propose introduce the new rate except for the present with Palestine Transjordan Sudan and Canada on 1st March with revenue to your Administration at rate of three twentieths of present rate on interempire full rate traffic. I shall appreciate to have as soon as possible your concurrence to this date (rate ?) as regards traffic with Falklands and South Georgia.

CHAIRMAN EMPIREGRAM.



# GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

## SENT.

Number	Office of Origin	Words	Handed in at	Date
				18. 2. 39.

To

CHAIRMAN,  
EMPIREGRAM,  
LONDON.

✓ YOUR TELEGRAM 15TH FEBRUARY PRESS RATE CONCUR AS REGARDS TRAFFIC WITH FALKLANDS AND SOUTH GEORGIA.

COLONIAL SECRETARY.

DECODE.

TELEGRAM.

C/14/37.  
37

*From* Chairman Empiregram, London.

*To* Colonial Secretary.

*Despatched*: 28th February, 19 39. *Time*: ...

*Received*: 1st March. 19 39. *Time*: 1100.

BG/QT I thank you for your A8/19 February. While general agreement has been reached for the introduction of the empire flat press rate of twopence farthing or its equivalent on March 1st one important administration for especial reason desires introduction on 15th April. On the assumption that all those who agreed to 1st March will equally be agreeable to 15th April latter date has been fixed for introduction. I shall appreciate to receive your concurrence to this change of date.

Chairman, Empiregram, London.

# GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

## SENT.

Number	Office of Origin	Words	Handed in at	Date
--------	------------------	-------	--------------	------

1. 3. 39.

To  
 CHAIRMAN  
 EMPIREGRAM  
 LONDON.

*Red 37.*

YOUR TELEGRAM 28th FEBRUARY AGREE CHANGE OF DATE.

COLONIAL SECRETARY.

Time

The Marconi International Marine Communication Company, Limited.

TELEGRAMS: THULIUM ESTIAND LONDON  
CABLEGRAMS: THULIUM LONDON.  
CODES: MARCONI INTERNATIONAL ETC

Marconi Offices: Electric House,  
Victoria Embankment,  
London, W.C. 2.

PLEASE ADDRESS THE COMPANY AND REFER TO  
C9/465/39.

C/14/37.

TELEPHONE: TEMPLE BAR 4321.  
(PRIVATE BRANCH EXCHANGE)

9th February 1939.

The Colonial Secretary,  
PORT STANLEY,  
FALKLAND ISLANDS.

Sir,

We understand from Cable and Wireless Ltd. that the maximum telegraph forwarding charge between any point in the British Empire of 1/3d. per word, which was adopted in April last year, has been extended as from the 1st January 1939 to radiotelegrams to and from ships at sea in accordance with Article 29, para.6, (667) General Radiocommunication Regulations, Cairo 1938, and Additional Radiocommunications Regulations - Article 2, para. 7, (821).

The British Administration hopes that all Empire Administrations will eventually agree to the settlement of accounts relating to charges on radiotelegrams exchanged between Empire ships and places in the Empire on a Sterling basis. A number of British overseas Administrations have already adopted the system and if you have not already been approached in this regard it is probable that you will be in the near future.

We should like to take this opportunity of stating that we, on our part, would welcome the system.

In the meantime perhaps you will be good enough to signify your agreement to the maximum word charge of 1/3d. mentioned above, which we presume will be considered as Pcs.(Gold)1.55 until such time as Sterling Accounting is agreed between us.

We are, Sir,  
Your obedient servants,

THE MARCONI INTERNATIONAL MARINE COMMUNICATION  
COMPANY LIMITED.

E. J. Wagstaff  
CHIEF OF TRAFFIC ACCOUNTS  
ACCOUNTANTS DEPARTMENT

C/14/57.

1st April, 39.

Sir,

I am directed to acknowledge the receipt of your letter No. C9/465/39 of the 9th of February, 1939, and to inform you that this administration agrees to the maximum word charge of 1s/3d for radiotelegrams to and from ships at sea.

I am,

Sir,

Your obedient servant,

*M.H.*

Colonial Secretary

Marconi International  
Marine Communication Company, Ltd.,  
Marconi Offices, Electra House,  
Victoria Embankment,  
LONDON, W.C. 2.

(41)

# GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

## RECEIVED.

Number	Office of Origin	Words	Handed in at	Date
A9	M/d London			

To

Port Stanley.

X/Q OUR LPP APRIL ONLY COUNTRIES NOT ADMITTING SERVICE ARE CANADA  
BURMA INDIA SUDAN TRANSJORDAN STOP FREE TELEGRAMS WILL BEAR THE WORD  
FRANK IN PREAMBLE STOP DO YOU AGREE.

Time

42

# ● GOVERNMENT TELEGRAPH SERVICE.

FALKLAND ISLANDS AND DEPENDENCIES.

## RECEIVED.

Number	Office of Origin	Words	Handed in at	Date
✓ Svc 5	M/D London			

To

Port Stanley.

L/PP WE ARE NOW ABLE INTRODUCE SOCIAL TELEGRAMS WITHIN THE EMPIRE ON FIRST MAY STOP MINIMUM CHARGE FIVE SHILLINGS FOR TWELVE WORDS PLUS INDICATOR GLF AND FIVE PENCE EACH WORD IN EXCESS STOP WE HAVE ALSO BEEN ABLE TO ARRANGE FREE SERVICE ON DAY OF INAUGURATION OF TELEGRAMS OF MIMIMUM LENGTH STOP DO YOU AGREE.

Time

44

TELEGRAPH OFFICE

PORT STANLEY F.I.

3rd MAY 1939

GOVERNMENT NOTICE

S O C I A L T E L E G R A M S E R V I C E

A SOCIAL TELEGRAM SERVICE IS BEING INTRODUCED WITHIN THE EMPIRE ON MAY 1ST. RATE- FIVESHILLINGS FOR TWELVE WORDS PLUS INDICATOR GLT AND FIVEPENCE EACH ADDITIONAL WORD. FREE SERVICE ON DAY OF INAUGURATION FOR TELEGRAMS OF MINIMUM LENGTH. THIS SERVICE APPLIES TO DESTINATIONS OUTSIDE THE COLONY ONLY AND TEXTS OF SOCIAL NATURE ONLY CAN BE ACCEPTED. COUNTRIES NOT ADMITTING SERVICE ARE CANADA BURMA INDIA SUDAN AND TRANSJORDAN. INFORMATION CONCERNING SERVICE WAS NOT AVAILABLE FOR INSERTION IN PREVIOUS ISSUE.

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45



HEADquarters 1234.

Telephone : NATIONAL 6321

Telegrams : Gentel ~~Cent~~ London

Your Reference

P.O. Reference 104196/38.

TELECOMMUNICATIONS DEPARTMENT,

GENERAL POST OFFICE,

LONDON, E.C.1

13 May, 1939.

Sir,

The Postmaster General is informed by the Marconi International Marine Communication Company Limited that your Administration has agreed to the adoption of sterling accounting in respect of radiotelegrams exchanged by United Kingdom ships with Falkland Islands Radio.

I am to say that the Postmaster General welcomes the arrangement so far as ships registered in the United Kingdom are concerned, and suggests that it should be agreed between our Administrations that the arrangement should be regarded as applying to:-

- (a) traffic originating in the United Kingdom or beyond or on ships of United Kingdom registry, transmitted through Falkland Islands Radio or South Georgia Radio.
- (b) traffic originating in Falkland Islands (or South Georgia), or beyond, or on the Colony's ships, transmitted through Post Office coast stations in the British Isles; and
- (c) traffic exchanged between United Kingdom ships and ships of the Colony.

The Postmaster General will be glad to receive confirmation that these proposals are acceptable to your Administration and at the same time to be notified as to the date as from which it is proposed the arrangements should be effective.

I am, Sir,  
Your obedient Servant,

*J. Houden*

The Colonial Secretary,  
Falkland Islands.



46.

C/14/37.

26th July, 39.

Sir,

I am directed to acknowledge the receipt of your letter No. 104196/38 of the 15th of May, 1939, regarding the adoption of sterling accounting in respect of radiotelegrams exchanged by United Kingdom ships with Falkland Islands Radio.

2. The proposals set out in (a), (b) and (c) of your letter are acceptable to this Administration and it is proposed that the arrangements should be effective from the 1st of July, 1939.

I am,

Sir,

Your obedient servant,

W.H.

Colonial Secretary.

The Telecommunications Department,  
General Post Office,  
LONDON, E.C. 1.

CIRCULAR



(47)

Downing Street,  
26th June, 1939.

Sir,

I have the honour to inform you that the Postmaster General has had under review the general question of accounting in connection with radiotelegraph traffic with Colonial Telegraph Administrations. As you are aware, international telegraph rates and accounts are set up under the International Regulations in gold francs. Ships of United Kingdom registry are required to convert these rates into sterling for charging purposes on the basis of the equivalent of 9.6d to the gold franc, but in the absence of special arrangements to the contrary with the Administration of the coast station they have to account in gold for the coast station charge (usually 60 gold centimes). As a collection of 6d is insufficient to cover an outpayment of 60 gold centimes, United Kingdom ships have been authorized to collect a surcharge (at present 50 per cent of the sterling charge), which is estimated to cover the excess of their gold outpayments over the collection rate of 6d, after allowing for the benefit which the ships derive from the receipt of their ship charge in gold on radiotelegrams received from the shore. The levying of this surcharge is, however, considered to have a restrictive effect on the general volume of radiotelegraph traffic. Moreover, as sterling accounting is already in operation or has been agreed

The Officer Administering  
the Government of

with all coast stations of Cable and Wireless Limited, as well as with the coast stations of a number of Colonial Telegraph Administrations, the higher charges for messages through Colonial coast stations which still retain the gold franc basis of accounting may prove a source of complaint; and further, where one Colony's coast station charges are based on gold and those of a neighbouring Colony are based on sterling, there might be a tendency for the traffic to be diverted to the cheaper route. In these circumstances the Postmaster General has suggested that those Dependencies which still apply the gold franc basis should adopt the sterling basis of accounting.

With reference to traffic from British ships through coast stations controlled by Cable and Wireless Limited, the debits for coast charges will be quoted in sterling on the basis of 60 centimes = 6d and 40 centimes = 4d with charges for code traffic of 4d and 3d respectively.

2. It is accordingly suggested that as from an agreed date, sterling accounting should apply to:-

- (a) traffic originating in the United Kingdom or beyond or on ships of United Kingdom registry, transmitted through coast stations in the Colony;
- (b) traffic originating in the Colony or beyond, or on the Colony's ships, transmitted through Post Office coast stations in the British Isles; and
- (c) traffic exchanged between United Kingdom ships and ships of the Colony.

3. The question also arises in connection with radiotelegrams exchanged between Colonial ground stations and British aircraft in flight. It is assumed that those Administrations concerned which admit the principle for ships will also apply it to traffic exchanged between

Colonial ground stations and British aircraft in flight where such services exist, and similarly that Administrations which are concerned with aircraft communications but do not control maritime stations will admit the same principle for radiotelegrams exchanged with British aircraft.

4. At the same time it is thought that the scheme might be extended to include mutual sterling accounting on the above-mentioned lines between all Colonies which have introduced that basis of accounting in their relations with the United Kingdom Post Office, or propose to do so.

5. I would add that, though it is felt that the acceptance of sterling as the general basis of settlement for radiotelegraph accounts between Colonies and the United Kingdom Post Office and between Colonial Telegraph Administrations themselves would ultimately prove beneficial to the development of traffic, I desire to leave the matter to the discretion of Colonial Administrations and I have no wish to urge any Administration to adopt the scheme where such adoption would have a seriously adverse effect on the Colony's radiotelegraph revenue.

I have the honour to be,

Sir,

Your most obedient, humble servant,

*Malcolm MacDonald*

9/14/37

(HS)



FALKLAND ISLANDS.

NO. 66.

Downing Street,

~~June, 1939.~~

7 JUL 1939

Sir,

*Recd 46*

I have the honour to refer to my circular despatch of the 26 JUN 1939 in which it is suggested that sterling accounting should be adopted for radiotelegraph traffic in the relations of the Colonial Administrations with the United Kingdom Post Office and also in the relations between Colonial Telegraph Administrations.

2. I understand that in the case of the Falkland Islands the matter has been settled in so far as it refers to relations with the Post Office in this country since it has already been agreed that sterling accounting should be adopted for radiotelegrams exchanged with British Ships. You will no doubt, however, consider the suggestion made in the 4th paragraph of the circular despatch that mutual sterling accounting on similar lines should be adopted in the relations of the Falkland Islands Telegraph Administration with the Telegraph Administrations of other Colonies.

I have the honour to be,

Sir,

Your most obedient,

humble servant,

(Sgd.) MALCOLM MacDONALD

GOVERNOR

SIR HERBERT HENNIKER HEATON, K.C.M.G.,

etc., etc., etc.

49

GOVERNMENT HOUSE,  
STANLEY,  
2nd October, 1939.

FALKLAND ISLANDS.  
No. 109.

*Red 48*

Sir,

I have the honour to acknowledge the receipt of your despatch No. 66 of the 7th July, 1939, and to inform you with reference to your Circular despatch of the 26th June, 1939, that mutual sterling accounting has been adopted for radio-telegrams exchanged between the Telegraph Administration of this Colony and the Telegraph Administration of other Colonies.

I have the honour to be,  
Sir,

Your most obedient,  
humble servant,

*(sgd) A. Henniker Heato*

THE RIGHT HONOURABLE  
MALCOLM MACDONALD, M.P.,  
SECRETARY OF STATE FOR THE COLONIES.

50



Telephone : NATIONAL 6321  
Telegrams : <sup>Geatsh</sup> ~~Phoen~~ London  
Your Reference C/14/37  
P.O. Reference 104196/38

TELECOMMUNICATIONS DEPARTMENT,  
GENERAL POST OFFICE,  
LONDON, E.C.1.

15 September, 1939.

Sir,

*Red W6.*  
*Red W5.*  
With reference to your letter of the 26th of July, I am directed by the Postmaster General to say that he notes that your Administration concurs in the proposal for the settlement in sterling of accounts relating to radiotelegraph traffic of the categories specified in this Administration's letter of the 13th of May last.

Arrangements have accordingly been made with the principal marine wireless operating companies for the arrangement to be applied to ships of United Kingdom registry with effect from the 1st of July 1939.

I am, Sir,

Your obedient Servant,

*Y R Crocker*

The Colonial Secretary,  
Stanley,  
Falkland Islands.







No. \_\_\_\_\_

(It is requested that, in any reference to this minute the above Number and the date may be quoted.)

MINUTE.

19th November, 19 45

To Hon Colonial Secretary

Stanley

From Supervisor E & T Dept,

Stanley, Falkland Islands.

The N.O.I.C., has asked for Gold Franc rates for telegrams to all parts of the world so that ships making telegrams for any port or place can be given the correct rate.

The rates we have were in force before the war and may now be changed in some cases, but as the question of accounts for commercial telegrams handled by the Navy W/T Station is the concern of the Colonial Govt, perhaps the authorities of Cable & Wireless could be asked for a revised list of foreign rates.

It appears to me that the Admiralty are taking an undue interest in the rates charged for telegrams handled by their station, and I feel that it would be better for the list of rates which I have prepared, to be sent to the NOIC from your department and authority.

When the final decision for sharing the Revenue is made it will be advantageous to know what correspondence has already transpired.

AM.  
S E & T  
19.11.45

See Red (108) in 232/34.

No. C/14/37.

(It is requested that, in any reference to this minute, the above Number and the date may be quoted).

MINUTE.

28th November 19 45

To The Naval Officer-in-Charge,

STANLEY.

From The Colonial Secretary,

Stanley, Falkland Islands.

With reference to your verbal application made to the Supervisor, Electrical and Telegraphs Department, I have the honour to enclose a copy of the Gold Franc rates at present in force in this Colony for telegrams to all parts of the World.

(Sgd.) L. W. Aldridge  
for Colonial Secretary.

GOLD FRANC RATES FROM FALKLAND ISLANDS.

<u>Foreign Countries via Dorchester.</u>		<u>Via Cerrito (Montevideo)</u>	
Albania	3.70	Uruguay	1.16
Austria	3.15	United Kingdom	3.15
Azores	3.15	United States	3.26
Belgium	3.30	Sierra Leone	5.51
Bulgaria	3.72	Bermuda	5.41
Czecho-Slovakia	3.65	Santiago de Chile	2.87
Danzig (Free City)	3.60	Santos & Rio	2.41
Denmark	3.57	Lima, Peru.	2.45
Estonia	3.85	Panama	4.40
Faroe Islands	3.54	Switzerland	4.22
Finland	3.73	Valparaiso	2.71
France	3.15		
Germany	3.15		
Greece (Mainland, Poros & Eubea)	3.72	<u>Via General Pacheco Radio (Bs.Aires)</u>	
Other Islands	3.77	Argentine - Buenos Aires	1.20
Greenland	4.10 via Iceland	" - Other Places	1.332
Holland	3.43		
Hungary	3.67	<u>Via Punta Arenas Radio.</u>	
Iceland	3.58	Chile	1.50
Italian Aegean Is.	3.57		
Italy	3.50		
Latvia	3.73		
Lithuania	3.65		
Luxembourg	3.38		
Norway, Jan Mayen, Svalbard and Greenland via Norway	3.62		
Poland	3.65		
Portugal	3.60		
Roumania	3.72		
Russia	3.65		
Spain & Spanish North African Possessions	3.15		
Sweden	3.62		
Switzerland (in- cluding Liechten- stein)	3.42		
Turkey	3.89		
Vatican City	3.52		
Yugoslavia	3.60		
Algeria	3.35		
Canaries	2.95		
Ifni	3.45		
Libya	3.80		
Madeira - Funchal	3.60		
" Porto Santo	3.70		
Morocco - Tangier	3.69		
" Spanish Zone	3.25		
" French Zone	3.91		
Tunis	3.35		
Egypt - Alexandria Cairo, Suez, Port Said & Port Tew- fik	4.25		
United States	4.20		

Office of the  
Naval Officer-in-Charge  
Falklands

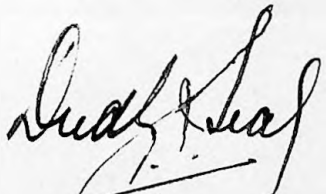
J 90/3.

29th. November 1945.

The Honourable Colonial Secretary,  
Falkland Islands.

Sir,

I have the honour to acknowledge receipt of your minute C/14/37 of the 28th. November 1945 enclosing Gold Franc rates in force for telegrams to all parts of the world.



Sub-Lieutenant, R.N.V.R.  
Asst. to Naval Officer-in-Charge

