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Introduction

This paper examines the political and economic circumstances surrounding the introduction of international telegraphy to Australia in 1872 and outlines the model of service provision – essentially a single private provider operating as a state-subsidised monopoly — that subsisted with respect to the link to Australia between 1872 and 1902. It also considers how international telegraphy re-configured the information ecology in which business operated and prompted controversy amongst allegations that this new technology advantaged a privileged few rather than the community as a whole. Finally, the paper examines public policy responses to the upheavals and perceived inequities generated by international telegraphy. There was much criticism relating to monopoly pricing and the allegedly ‘exclusive’ business model utilised by the British-Australian Telegraph Company. But what could governments do about this new ‘information divide’? How could they intervene? There was also widespread concern about opportunities for knowledge monopolies and information manipulation afforded by the telegraph (in relation, for example, to stock markets) while at the same time there was concern, particular amongst newspapers, about the need to protect private property interests in telegraphic information. This paper examines a number of such dimensions of the ‘telegraph problem’ of the 1870s and the public policy responses they elicited.

The paper is presented at this forum, much of whose focus is on contemporary policy challenges posed by new communication technologies, in the hope that consideration of an historical case study offers some lessons which are still relevant. In this somewhat chastening story we see, amongst other things, how governments came to prefer a private monopoly over competition, how colonial one-upmanship led to the building of expensive infrastructure (the overland telegraph) which many thought unnecessary; how plans to address the ‘electric divide’ via a publicly-funded news telegraph service came to nothing; and how a weak bargaining position meant that governments could only secure adequate services for the community by providing a large subsidy to the telegraph company.

Background

The Australian colonies were telegraphically linked to Europe, and other regions then connected to the emerging global telegraph network, in October 1872 via an undersea cable between Java and Darwin, owned by the privately owned British-Australian Telegraph Company, and an overland telegraph between Darwin and Adelaide, built and operated by the South Australian Government. At Adelaide the lines connected into the publicly owned colonial network which stretched across the Eastern half of the continent through Melbourne, Sydney and Brisbane into North Queensland. The establishment of the link was hailed as a magnificent engineering achievement and a turning point in the history of the colonies. The sense of its being a major achievement largely sprang from the heroic and often harrowing experiences of the men who built the overland telegraph stretching some 1,800 miles across the Australian continent from North to South and traversing desert country which had only recently been explored by colonists. This feat of construction, during which eight workers died and all endured great hardships, was celebrated throughout the colonies at the time.
and went on to become a legend of pioneering achievement. The undersea cable link between Java and Darwin was a rather more routine affair as, by 1872, the engineering challenges involved in building such links had been largely overcome. At the same time, telegraph technology, particularly over long distances, still retained a certain aura amongst the general public as a kind of ‘magical’ achievement.

In the lead-up to the establishment of the direst telegraph link, the profound impact it would have on social, economic and political life in the Australian colonies was widely recognised. The Sydney Morning Herald (SMH) commented in late 1871 that, when the link was achieved, ‘we shall begin to realise that Australia is no longer isolated … we shall be abreast of all the great events of the day, and the change, politically and commercially, will be such as at present we can hardly realise.’

When the link was opened the SMH described it as ‘a great boon’ and saw it as establishing a kind of energising umbilical connection with Britain: ‘Australia will feel the throb of a new life when it is bound to the old country by the electric chain; and remote though it is, will come more than ever to recognise itself as an integral part of the Empire.’ In New South Wales a general holiday was declared for 15 November 1872 to celebrate the opening of the cable with picnics, concerts and a special banquet. In his speech at the banquet, the New South Wales Governor, Sir Hercules Robinson, stressed that telegraphic communication would greatly relieve the kinds of anxieties that had been felt in the past in the colonies arising from uncertainty about events in Europe, particularly when there was danger of war. He recalled how ‘during the late Franco-Prussian war… the phrase, ‘England still neutral’, used to be signalled at the mast-head of the mail steamers at Adelaide to be forwarded at once to all the colonies to allay anxiety’. He contrasted the anxiety felt in Australia with the feeling of security which the telegraph had given colonists in Ceylon. He also reflected on ‘how much anxiety might have been spared by telegraph communication’ had it been available when the wreck of the Rangoon had occurred.

However, as well as celebration, self-congratulation and praise, there was, in the early 1870s, a persistent and well-argued strain of severe criticism in the press and in colonial parliaments, particularly in New South Wales and Queensland, regarding the circumstances and terms under which Australia had become linked to the international telegraph system, though this criticism was sometimes tempered by the need to properly acknowledge the South Australian dash in venturing to build the overland line and its resolution in seeing it through. The criticism related both to the manner in which negotiations regarding the telegraph were conducted and the quality of the outcomes for the whole of Australia. The specific arrangements for the telegraphic link to the Australian continent grew out of inter-colonial rivalry, particularly between South Australia and Queensland. The link was established via a unilateral agreement between the British-Australia Company and the South Australian Colonial Government (which then controlled the area now known as the Northern Territory) without consultation with other Australian colonies. The decision, while made by one colony, effectively delivered the whole of the Australian international telegraph market to British-Australian which subsequently was able to consolidate its position as a monopoly supplier. Outcomes relating to pricing and reliability were most unsatisfactory for those promoting a broad public interest in accessible communication networks. More generally, Australian colonial governments were left with little capacity to influence (let alone control) the operations of British-Australian.

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2 SMH, 28 November, 1871, p. 4.
3 SMH, 1 December, 1872, p. 4.
4 Empire, 15 November, 1872, p. 2.
5 Empire, 16 November, 1872, p. 4. The P & O steamer Rangoon, which carried mail for Australia, was wrecked off Point de Galle (Sri Lanka) in November, 1871.
The conditions under which international telegraphy operated in Australia in the 1870s were shaped by global developments. The British-Australian Telegraph Company was part of a conglomerate of companies associated with British telegraph magnate, John Pender. This included the world’s largest cable construction company, the Telegraph Construction and Maintenance Company (which had a major interest in the Anglo-American Telegraph Company, the successful inaugurator of the transatlantic telegraph) and seven operating companies on the route between Britain and the Far East. In 1872/3 these operating companies were consolidated into two companies – The Eastern Telegraph Company, which operated cables west of India, and the Eastern Extension, Australasia, and China Telegraph Company (hereafter Eastern Extension), which incorporated British–Australian, and operated cables east of India. The 1870s were characterised by competition on a global scale between companies associated with John Pender and rival companies, especially the group of companies associated with Siemens Brothers which included the Indo-European Telegraph Company and the Direct U.S. Cable Company. In the course of this struggle the group of companies associated with Pender became increasingly dominant. In many ways, events in Australia mirrored these global developments though local circumstances also played a major role in determining Australia’s international telegraphy system.

Much historical writing on Australia’s international telegraph connection has been framed by a narrative of national progress, within which its opening is seen as an amazing engineering achievement which brought widespread, unambiguously positive benefits to the community as a whole. The impression given can be that through this connection the ‘tyranny of distance’ had been overcome for all. This paper takes a more critical view recognising a range of fundamental problems with the system, both from public policy and operational perspectives, and highlighting the new forms and conditions of ‘communication exclusivity’ that accompanied the introduction of international telegraphy to Australia. It also considers the process whereby British-Australian (from 1873, Eastern Extension) consolidated its position as the monopoly provider of international telegraphy to Australia.

According to contemporary press accounts, international telegraphy promised a new era of communication between the Australian colonies and Britain which would bring widespread benefits to business and the community generally. However, the actual conditions of access to and usage of the privately owned cable were characterised by very high prices, exclusivity and unreliability. While the system in theory provided a ‘new control technology’ for the management of commerce, in practice the early years of its operation were quite chaotic, arguably creating less rather than greater certainty in the colonial information environment.

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7 Geoffrey Blainey emphasised the broad benefit of the closer dovetailing of the British and Australian economies enabled by the telegraph largely ignoring issues of ‘information divides’ and ‘knowledge monopolies’. He wrote, ‘Tens of thousands of merchants, farmers, mine-owners, pastoralists, bankers and shipowners who had to anticipate the needs of customers on the other side of the world were more likely, if they had the latest news, to direct their own activities more profitably.’ The Tyranny of Distance, Melbourne: MacMillan, 1968, p. 225. This paper emphasises the exclusivity of the telegraph, particularly in the early years. In her landmark history of telecommunications in Australia, Ann Moyal, echoing the sentiments which had been expressed by the Governor of New South Wales at the opening celebratory banquet, commented that ‘the once isolated inhabitants of the antipodes could [now] ‘speak’ with friends in England and were brought in touch with every important post in Europe, Asia and America.’ Moyal, 1984, p. 55. The evidence suggests that the high cost of the telegraph largely obviated such personal interactions.
The Australian Extension

The telegraph link to Australia was essentially an extension of already existing networks linking Europe and Asia. These were operated by private companies with the main players being the British Indian Telegraph Company (linked to John Pender) and the Indo-European Telegraph Co. (linked to C. Siemens and J. Reuter). Both showed interest in extending their businesses to Australia. Importantly, the British Government adopted a ‘hands-off’ approach. Early ventures in international telegraphy designed to link Britain with India and beyond were heavily subsidised by the British Government but, having been burnt by very expensive failures in the late 1850s, the British Government subsequently adopted a policy of leaving international cable development to private enterprise. Despite appeals from Australian Colonial Governments, it stuck by this policy with respect to the Australian link. If Australian colonial governments wished to subsidise cable companies they were, of course, free to do so.

By 1865, two telegraph links between Europe and India had been established, a Mediterranean route via the Persian and Ottoman Empires and a northern route via Russia. However, the services were poor and their administration complicated by the fact that they passed through many jurisdictions. A British House of Commons Select Committee, which looked into this matter in 1866, recommended the establishment of a new direct line from London to India under the single control of one agency. This need was partly met by the Indo-European Telegraph Company, backed by Charles Siemens and Julius Reuter, which opened a singly-administered line to India via Russia and Persia in 1870 and succeeded in reducing transmission times between London and India to some 8 hours. However, merchants and bankers with Indian interests remained dissatisfied, arguing for the necessity of a fully British-controlled telegraph link which bi-passed ‘foreign territory’ by ‘connecting India and England by direct submarine telegraph communication via the Red Sea.’

They thus supported proposals to this effect made by the British Indian Submarine Company, which had been formed in 1868 by Manchester-based merchant, John Pender, and which became the basis of the Eastern Telegraph Co. formed in 1873. The Select Committee recommended the initiative and also advocated cable extensions to Australia and China. Pender’s Company opened its direct service to India in June 1870 and soon became the dominant supplier (and price setter) of telegraphic services in that region. Thus, in 1870, it was well positioned to plan further expansion of its network.

Colonial Politics

The character of international telegraphy in Australia in the 1870s was also an outcome of inter-colonial politics, in part shaped by already existing rivalries over subsidized international mail routes. It should be recalled that, prior to Federation in 1901, what is now Australia comprised six self-governing and competing British colonies, who found it difficult to co-operate on matters of international communication, particularly in relation to mail and telegraph links with Britain. The problem partly arose from geography. The colonial centers were spread around the coast of a vast continent which meant that they were not only separated by large distances but also that they potentially addressed the rest of the world, including Britain, from very different vantage points. Perth faced the Indian Ocean, Sydney the Pacific, while Brisbane looked more to the north. In the early 1850s, the British Government’s decision to establish a regular steamship mail service between Britain and Australia prompted intense competition over which colony would receive the mail and thus news from Britain first and which city would serve as the main Australian base for the service. This, in turn, led different colonies to propose different routes. Some New South Wales interests favoured a trans-Pacific route from London to Sydney via Panama, complemented by

10 Winseck & Pike, p. 29.
11 Winseck & Pike, p. 34.
12 Britain, Memorial Calcutta and Bombay Telegraph Communications, 1867–8. Quoted in Winseck & Pike, p. 36.
branch services from Sydney to the other colonies. Furthermore, if a steamer route was to be established to Singapore to connect with existing mail services to Britain via Suez, New South Wales wanted the route to be via the east coast of Australia and through Torres Strait. The southern colonies preferred the route from Singapore to be around Western Australia to Melbourne, though this, of course, left Sydney and Brisbane at the latter end of the line, receiving their mails days later than Melbourne.

Rivalry over mail routes continued for decades, leading a number of colonies to establish their own services to Britain. From the mid-1870s, Victoria subsidized a service via Western Australia to Galle (Ceylon) where it joined with existing mail routes. New South Wales joined with New Zealand in supporting a service via San Francisco while Queensland established a service to Singapore via Torres Strait. Not surprisingly, a commentator at the time lamented the ‘want of cohesion among the Australian governments’ each of which demonstrated a ‘Saxon-like independence’ when it came to the business of mails resulting in little chance of any ‘unity of action’.  

This situation in relation to international mail links – rivalry amongst colonial governments and the lack of any cohesive governmental approach to potential providers of services – was repeated (though in a somewhat different configuration) in the case of international telegraphy. Proposals to establish an international telegraph connection to Australia had to run the gamut of the various colonial governments, particularly if government subsidies were being sought. At the same time, the private companies involved could exploit inter-colonial rivalries in their business negotiations playing colonies off against each other.

In the late 1860s, a number of proposals were proffered to Australian colonial governments for laying cable to Australia on the basis of government-guaranteed financial returns. Various points of connection to the Australian continent were proposed, each favouring different colonial interests both in relation to achieving ‘gateway’ status and securing transit revenue. Queensland and New South Wales, with the support of New Zealand, favoured an international link into Australia via Queensland’s telegraph system which was reaching northwards at a rapid pace. The southern colonies favoured a link via Western Australia in line with their preferred mail route. However, when proposals for such a link collapsed in mid 1869, South Australia turned to the idea of a transcontinental route with Darwin as the telegraphic gateway to Australia linked to Adelaide via an overland telegraph.

Australian colonial governments were willing in principle to provide a subsidy for the establishment of a telegraph link to the continent but a lack of co-ordination amongst them and their disagreement over routes (combined with the British Government’s position) meant that proposals based around government subsidies and guarantees, including proposals involving Pender’s major rival the Indo-European Telegraph Company, were very difficult to progress. This left a clear front-runner, The British Australian Telegraph Company which had been formed by John Pender in 1870 as part of his rapidly expanding telegraph conglomerate. This Company was the only one capable and willing to provide, without subsidy, a through line from Britain to Australia under virtually one management.

Divide and Rule

In early 1871, British-Australian wrote to the Queensland and South Australian Governments outlining its plans for an Australian telegraph link. This involved landing a submarine cable from

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13 William Purdy, Mail Communications with Australia Reviewed from 1852 to 1874, London: Sampson, Low, Marston, Low and Searle, 1875, p. 17.
15 Harcourt, p. 43. British-Australian had a considerable advantage over its competitors because of its close links to the Eastern Telegraph Company which was becoming the dominant player on the Britain-India telegraph route.
East Java at Darwin (then part of South Australia) and building, at Company expense, a landline between Darwin and the Queensland town of Burketown on the Gulf of Carpentaria where it would meet the Queensland telegraph system and thence link into the inter-colonial network via the East coast of Australia. No subsidy was requested, merely landing rights in Darwin and permission to construct the landline across South Australian and Queensland territory.

The South Australian Superintendent of Telegraphs, Charles Todd, saw this proposal as a major opportunity for South Australia recognising that, were that colony to extend its own telegraph to Darwin, the Company was likely to abandon its proposed land section and terminate its cable there. In urging such a plan upon his Government, Todd invoked colonial pride and inter-colonial rivalry arguing that if South Australia were to fail to take up this challenge, ‘we must be prepared to leave to Queensland the exclusive honour of having … afforded to the Australian Colonies the immense advantage of telegraphic communication with the whole civilized world.’ He concluded, ‘Our geographical position and our intelligence alike prohibit this.’16 Subsequently, South Australia, without consulting Queensland or any other Colony, made an offer to the Company designed to establish South Australia as the exclusive telegraphic gateway to Australia. It offered to build, at its own expense, an overland telegraph line across the continent linking Darwin and Adelaide provided that the Company agreed to terminate its line in Darwin. Under these arrangements, the South Australian Government would accrue transit charges on international traffic and Adelaide would be the first major population centre to receive telegraphic messages. Not surprisingly, given the saving in capital outlay involved for the Company, British-Australian agreed to the plan.

This was an inherently divisive agreement which exploited inter-colonial rivalry. Needless to say, Queensland was greatly put out, arguing with justification that South Australia had deliberately induced the Company to renege on previous understandings that the Company would develop its link via Queensland. The Brisbane Courier complained of the likely cost of the overland telegraph stating: ‘The fact is that the rest of Australia will have to pay heavily for the South Australians having run a line across the continent through an unsettled country, where there is no business to contribute to the cost of the working expenses.’17 The SMH saw South Australia’s action as an ‘error’ in that it diverted the line from its ‘shortest, easiest, and natural route’ entailing the ‘conquest of difficulties that never needed to be encountered at all.’18 For the Empire, the outcome illustrated the costs of inadequate inter-colonial co-operation and demonstrated the need for ‘confederation or united action’ in such matters in the future.19 The SMH echoed these sentiments commenting: ‘That a long, costly, and tedious route was adopted, instead of a shorter, easier, and cheaper one, is the fault of our wretched inter-colonial diplomacy, which being subject to no controlling influence, and based too largely on small jealousies and a local range of view, too often sacrifices general Australian interests to local considerations.’20

Thus, the British-Australia telegraph link was established via a unilateral agreement between the South Australian Government and the British-Australian Telegraph Company, rather than through any joint decision of the colonies. As indicated, the agreement took the other colonies, particularly Queensland which had also been negotiating with the British-Australian Telegraph Company, by surprise and, even as the overland telegraph was being built by South Australia, the other colonies continued to negotiate with other companies offering alternative proposals even if this meant the establishment of a second cable. However, as it turned out, these alternative proposals came to nothing because of the competitive advantage that John Pender’s company had

17 Brisbane Courier, 4 November, 1871.
18 SMH, 29 December, 1871, p. 6.
19 Empire, 2 March, 1872, p. 2.
20 SMH, 18 May, 1872, p. 4.
gained through its pre-emptive deal with South Australia. The British-Australian Telegraph Company (from 1873 Eastern Extension) was able to establish a monopoly on cable traffic in and out of Australia which lasted thirty years.

A Flawed System

What were some of the key features of Australia’s international telegraph system as it emerged from these arrangements? Most obviously the Australian colonies, while operating their internal telegraphs as a public service, had for the purposes of international telegraphy delivered themselves into an effective private monopoly over which they had very little leverage. Colonial Governments recognised that this was a less than ideal situation as early as January 1873. At the Inter-colonial Conference held in Sydney at that time they jointly expressed in principle support for government-owned cables across the British Empire. However, they looked to Britain to provide leadership on this issue which, given Britain’s stance, was unlikely to be forthcoming.21

The negotiations between British-Australian and the South Australian Government appear to have been one-sided. Landing charges for the British-Australian’s cable in Australia were not even raised as a consideration. Furthermore, South Australia, by inducing the Company to terminate its works at Darwin and abandon its proposed land-line to Burketown, was in effect transferring significant costs from the Company to the colonies. This can only be explained as a consequence of foolhardy inter-colonial rivalry. The Company was able in its negotiations to play Queensland off against South Australia and virtually adopt a ‘take it or leave it’ approach to negotiations while all the time urging the necessity for speedy decisions.22 In its agreement with South Australia, the Company obtained a land grant for its operations, exemption from local taxes, influence over tariffs on the South Australian overland line (with no quid pro quo), and the right to seek alternative points of entry into the Australian telegraph system if the overland line failed to meet set performance standards.23 The colonies had virtually no influence on the Company’s tariffs. Newspaper proprietor, Samuel Bennett, claimed with justification that the charges were, ‘higher than were ever heard of before in any part of the world.’24 Initially, the Company set its tariffs on the basis of a minimum charge on messages up to twenty words. The price per message from London to Adelaide was 9 pound 6 shilling and 6 pence of which 1 pound accrued to the South Australian Government for use of the Darwin-Adelaide link.25 From 1876 the charging system was modified to a per word basis after recommendations were made to this effect by the International Telegraph Union. This did not, however, entail any reduction as the charges were set at 10 shillings and six pence per word, with the South Australian proportion being one shilling and three pence per word. This price was maintained for ordinary private messages for nearly fourteen years, till mid-1886, even though this period saw substantial reductions in transatlantic rates forced by competition.26 There were also no reduced press rates till 1880.

The Australian colonies also had no influence on the cable route from Singapore to Australia chosen by the Company. It was recognised in the planning stages that a cable link between Darwin and Java’s west coast (Java Head) was likely to provide a better service than a link to East Java combined with a landline across its length. The latter plan, according to one Company official, had the disadvantage of placing ‘the Australian communications at the mercy of a foreign power’ (The Netherlands). Delays and mistakes could also be expected. As Charles Todd, the South Australian

21 Livingston, pp. 90–1.
22 Harcourt, pp. 48–52.
25 The cost of a single telegram was ‘equal to five weeks’ wages for a working man.’ Blainey, pp. 223–4.
26 Harcourt, p. 114.
Superintendent of Telegraphs, explained in his October, 1869 Report, the landline across Java, 'would involve numerous repeats, some by foreign operators, beside being dependent on a foreign power with whom England might some day be at war.' In the up-shot, however, the Company chose the less satisfactory route because it was the cheapest to establish, involving as it did a shorter length of new submarine cable.

When it became evident that the South Australian plan for Australia’s telegraph link would prevail because it had the support of the British-Australian Telegraph Company, much concern was expressed regarding its reliability, particularly that of the overland section across Australia which traversed vast tracts of largely uninhabited desert country. The Queensland Superintendent, W.J. Cracknell, expressed the view that such a line would not be able to be depended upon for regular communications particularly given the challenges of maintaining a line across such country. The prediction proved accurate. In the period of just over five years between the full opening of the telegraph on 21 October, 1872 and the end of 1877 there were sixty separate breakdowns of the overland line which interrupted traffic for periods between one and six days. Interruptions totalled 18 days in 1873, 20 in 1874, 17 ½ in 1875, 25 in 1876, and 34 in 1877. Causes ranged from detached or broken insulators, loosened lines touching iron poles, wires cut by local indigenous people, bushfires, and lightning strikes. On top of this, the undersea cable failed 20 times with interruptions totalling 22 days in 1873, 39 days in 1874, 65 days in 1875 (including a period of 38 days from 15 November till 24 December), 206 days in 1876 (including a period of almost six months from 28 March till 24 August), and 76 days in 1877.

Given the combination of very high prices and lack of reliability, it is hardly surprising that there was very limited growth in telegraph usage in the first five years of operation. This was despite strong population and economic growth in this period. Over the period the number of messages to and from Australia averaged around 9,500 per year or around 26 per day.

### Table 1: Australia’s Telegram Traffic with Europe and the East 1873–77 (Number of Messages)

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<tr>
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<th>1873</th>
<th>1874</th>
<th>1875</th>
<th>1876</th>
<th>1877</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forwarded</td>
<td>4,332</td>
<td>4,813</td>
<td>4,846</td>
<td>3,151</td>
<td>5,771</td>
</tr>
<tr>
<td>Received</td>
<td>4,620</td>
<td>4,985</td>
<td>4,873</td>
<td>3,514</td>
<td>6,608</td>
</tr>
<tr>
<td>Total</td>
<td>8,952</td>
<td>9,798</td>
<td>9,719</td>
<td>6,665</td>
<td>12,379</td>
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Many argued that exorbitantly high rates would so diminish demand as to lose overall revenue and profits for the cable company. However, according to the *Empire*, the Chairman of the Eastern Group, Sir James Anderson, held the view that ‘high rates and small business suits them better than low rates and full business.’ The *Empire* continued: ‘If the Eastern Telegraph Company is composed of Sir James Anderson’s disciples, they will no doubt adhere to the high price and small business theory, but this will not suit Australia.’ In the monopoly situation the high charges appeared to

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28 Quoted by Harcourt, p. 57.


30 Australia’s estimated gross domestic product rose from 97.5 million pounds in 1872 to 125.2 million pounds in 1877. There was, however, a very slight recession in 1876. N.G. Butlin, Investment in Australian Economic Development 1861–1900, Cambridge University Press, 1964, pp. 9–11.

31 Empire, 11 April, 1872, p. 4.

32 Empire, 14 April, 1873, p. 3.
actually work in British-Australian’s favour. The charges generated pressure on Australian colonial governments to have charges reduced, but in the absence of any other bargaining power, the only strategy they had was to offer British-Australian subsidies which, of course, would also consolidate its monopoly position. As early as December 1872, the Company offered to reduce charges in return for subsidies set at a rate which would ensure that it lost no revenue (and could actually build business at the Governments’ expense.) A New South Wales Government analysis at the time concluded that, to the extent that subsidies stimulated additional demand, they would largely serve to enhance the profits of the company. At the time of these early negotiations, there was still a prospect of a competing line being established. Hence the Empire cautioned that ‘with the expectation of the early completion of the line from New Zealand, across Queensland, and by way of Normantown to Singapore, it is not worth while for any of these three colonies to consent to an exorbitant subsidy for the present line.’ As discussed later, the colonies were soon to lose this bargaining position.

The ‘Electric Divide’

Early advocates of telegraphy, including Samuel Morse, had envisaged it becoming a great equalizer in that it had the potential to make information available simultaneously across vast distances. Subsequently, communication theorists Harold Innis and Marshall McLuhan also emphasised the telegraph’s power to diminish signalling time across space and to allow interactive communication leading them to the view that this technology would tend to ‘promote a free and equal flow of information and to prevent monopoly of knowledge.’ However, as Blondheim has pointed out, ‘telegraph technology also worked in the opposite direction, towards monopolistic control of knowledge.’ He explained: ‘The early telegraphs transmitted information sequentially; each message had to be sent separately and in turn. Whereas the mailbag could carry numerous communications simultaneously, the telegraph transmitted only a single copy of one message at a time. The telegraph line thus promoted equality of knowledge across space, at the price of a monopoly for certain messages in time.’ The opportunity for knowledge monopolies, which could be held for significant periods of time, was particularly marked in the Australian context, given the dependence on a single telegraph line and the very limited information flow that occurred because of the very high charges involved.

International telegraphic communication between Australia and the rest of the world (and, more particularly, between Britain and Australia) was set up as an elite communication form, which would function as an adjunct to commerce, government business (a lucrative source of revenue given the communication needs of the geographically dispersed British Empire), and the press. In urging the significance of the link, Todd emphasised the importance of telegraph communication ‘with the whole of the commercial world’. He continued: ‘Our trade demands it, if we wish to make best use of our natural products – shipping them at the right time and to the best markets.’ With respect to commerce, high communication prices could be sustained provided that the companies saw commensurate commercial advantages which translated into profits. Clearly this could well be the case for large exporters and importers. When the British novelist, Anthony Trollope, who was travelling in Australia at the time of the opening of the cable, famously commented that, ‘in the single item of the price of wool in the London market, the Australian telegraph will be of inestimable value in the colonies’, he was, one would think, referring to the use that could be made

33 Empire, 18 October, 1873, p.2.
34 Empire, 18 October, 1873, p. 2.
36 Blondheim, p. 4.
of such immediate information regarding commodity prices by large traders, rather than the average wool grower. It is also evident that the speed of the telegraph was seen as a major advantage by large British Companies investing in Australia. Historian of telecommunications in Australia, Ann Moyal, has noted how the Australian Agricultural Company, which was headquartered in London, used the cable extensively from the outset as a tool of business intelligence and control over its large pastoral and mining interests in New South Wales. She noted how, in 1873, Head Office chastised the superintendent of its colliery in Newcastle (NSW) for not using the telegraph more extensively when he sought approval to open a new pit, given the time lost in using the mails. Head Office wrote: ‘You really must make up your mind to use the wires more liberally if you have recourse to it for the transmission of important matter … If in your judgement it was essential to get permission to commence the work at once (and we agree with you in thinking that it was) you should not have starved your message, or shrunk from the cost of repeating it. If your calculations are correct the profit deliverable from the new Pit ought to be 16,000 pounds a year from the month of completion, that is, you will recoup the cost within the 12 months, and for such an object it could not signify much whether you spent an extra 100 pounds in sending a full message and repeating it.’

Clearly, the Australian Agricultural Company felt that it could absorb the high telegraph charges and, in the instance provided, enhance its profitability through the use of the telegraph. More generally, the Empire noted that, ‘the mercantile advices from Australia, especially during the continuance of mineral discoveries, would be looked for with eagerness’ in London while the SMH noted, in anticipation of the telegraph, ‘How important it is to be made acquainted with the fluctuations in European markets’ and how this is ‘evidenced by the news just received as to the rise in the price of money, and its influence on the rates of Australian produce.’ Yet even amongst merchants and financiers the up-take of international telegraphy was, in its initial years, lower than expected both because of price and unreliability. At the 1872 NSW Select Committee of Inquiry into the telegraph the comment was made that, ‘no merchant or other person would dare to conduct his financial business with the mother country, as a rule, by means of telegraphy, if depending alone on so unreliable a means of communication as a single line.’

As indicated earlier, international telegraphy opened up new opportunities for private monopolization of timely information. As Australian markets fluctuated according to changes in English markets the early receipt of English news could deliver large financial benefits. The early years of international telegraphy were marked by an uneasy mix of private and public interest. While private advantage in information was sanctioned, the public interest in wide community access to sensitive information on equal terms was also strongly advocated. After the direct telegraph link between Australia and London was fully opened on 21 October 1872, private messages began coming through from London prior to any press messages. Significantly, the first private telegram received in Melbourne, arriving on Tuesday 22nd and addressed to Messrs. McEwan and Co., was on the state of the London metal market. The first press message, which also included information on metal prices, arrived two days later on the 24th October.

Newspapers sought to counteract private information monopolies by enhancing the timeliness of news transmission and publication. However, newspapers also sought to protect their own private interests in news by advocating a special copyright in news telegrams designed to prevent rival newspapers from copying their telegrams. At the same time the press, led by the Melbourne Age

38 Australian Agricultural Co. Records, letters to General Superintendent Merewether, 5 September 1873. Quoted in Moyal, p. 63.
39 Empire, 12 September 1872, p. 3.
40 SMH, 28 November, 1871, p. 4.
42 Empire, 23 October, 1872. While the Empire reported the arrival of the telegram, it did not report its contents.
43 For an account of the development of special copyright legislation as a public policy response to a perceived need for action to protect private property in telegraphic news see P. Putnis, ‘The struggle over copyright in news telegrams in Australia, 1869–1912.’ In S. Nolan (ed.) When journalism meets history: Refereed papers from the
and the *SMH*, sought to establish its own form of ‘overseas news monopoly’ via a centralised press association which would control the receipt, editing and distribution of overseas news for the whole of the Australian press.\(^{44}\) This led to accusations that newspapers themselves were implicated in limiting information flow. There were also accusations that newspapers sometimes withheld publication of financially sensitive information or published it selectively.\(^{45}\)

The telegraph could be a boon to stockbrokers and stock exchange speculators, particularly if they were able to secure early information of developments in the London markets. If they could access exclusive information subsequent telegraph breakdowns could even be turned to advantage.\(^{46}\) More generally, the opening of the international telegraph link was a major spur to stock exchange activity which previously had been hamstrung by outdated information and an ‘information flow’ from London characterised by long hiatuses during which no new material was received. It may have been a factor in the establishment of the Sydney Stock Exchange in May 1871 and to the proliferation of stockbrokers in Sydney that occurred in 1872.\(^{47}\) Members of the Sydney Stock Exchange, it should be noted, were (unlike their counterparts on the London Stock Exchange) allowed to act concurrently as both brokers acting as agents for the public in the buying and selling of shares and as stock jobbers who bought and sold shares on their own account. They could also launch and promote new companies in which they would often be allotted ‘promoter’s shares’.\(^{48}\) In this unregulated stockbroking scene there were regular complaints that insiders manipulated information.\(^{49}\) Many thought that the establishment of a direct telegraph link under the conditions described above opened up vast new opportunities for such manipulation or, at least, unfair advantage by those in the best position to withhold, manage, and strategically use scarce and extremely costly information.

Concern was also expressed about the use made of London price information by those, including members of the press, who had access to it before its wider dissemination through publication.

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\(^{44}\) In this they were only partially successful. See P. Putnis, ‘Reuters in Australia: The supply and exchange of news. 1859–1877’, *Media History*, Vol. 10, No. 4, 2004, pp. 67–88.

\(^{45}\) On 7 November 1872 the Empire, in a thinly disguised attack on the SMH, published this scenario: ‘Let us put a case – not perhaps altogether imaginary – which might possibly occur … Now, supposing that the public of this colony had only one medium of electric communication with England. Suppose also, that a falling market – say the copper market, for instance – suddenly rallied, and, that prices were largely rising, but that this was kept from the public for one or two days, by the only medium through which it could be communicated. It is clear that those who were in the confidence of the persons possessed of this valuable information might go into the market and buy up the depreciated copper shares at a very low figure, awaiting the public announcement of the rise to sell again. We do not say that any such thing has been done; but we do say that it might be done, under the circumstances.’

\(^{46}\) The influence of irregular patterns of telegraphic information flow from Britain is evident in the character of Sydney’s ‘copper boom’ of 1871–1874 which centred on the Peak Downs Copper Mining Company. This Company’s share price underwent large fluctuations in response to the latest news regarding copper prices in London. The irregular flow of such news and the irregularity and, on at least one occasion, the inaccuracy of its publication in Sydney led to accusations of manipulation. See, for example, Empire, 8 November, 1872, p. 2 and Empire, 19 November, 1872, p. 2.

\(^{47}\) Salsbury and Sweeney note that the number of stockbrokers who were members of the Sydney Stock Exchange grew from 22 to 131 in 1872 under the influence of the mining boom. They quote the SMH of 6 September 1872 as saying: ‘Few things are more striking than the sudden transfer of hundreds from the counter of the tradesman, or from the warehouse of the merchant, to the office of the stockbroker.’ The Bull, the Bear and the Kangaroo: The History of the Sydney Stock Exchange, Sydney: Allen & Unwin, 1988, p. 109.

\(^{48}\) Salsbury & Sweeney, p. 110.

\(^{49}\) Salsbury & Sweeney, p. 110.
and/or posting at the Exchange. Referring to news of a 10% rise in the price of wool in New York due to a major ware-house fire, the Empire commented: ‘It is obvious that the withholding of such news as this may enable some persons to transfer thousands upon thousands from the pockets of other people to their own, by purchasing largely between the receipt of private information concerning a substantial rise in prices, and the publication of the fact.’ In August 1872, in opposing a proposed Telegrams Copyright Bill, John Robertson noted in the New South Wales Parliament that, ‘If such a bill … were passed, proprietors of newspapers would be in a position to take advantage as to news as to the changes in prices.’ Significantly, he also noted that such advantage was taken in any case: ‘When the late rise took place in copper, he (Robertson) knew that some parties got great advantage in this way.’

A Publicly-funded News Telegram Service Considered and Rejected

As noted earlier, Australian Colonial Governments could wield virtually no influence on the prices charged by British-Australian. Even South Australia had little influence. Indeed, the agreement between the South Australian Government and British-Australian was specifically stipulated as being made ‘subject to the terms and provisions’ of a prior agreement ‘between the various companies establishing communication between Port Darwin and England.’ The South Australian Government had had no say in relation to this earlier agreement which would have dealt with pricing matters. The Empire reported that ‘the astonishingly high rate of charges’ for telegrams to Sydney ‘had been sanctioned by the Governor and Executive Council’ of NSW but also noted that ‘the approval was a matter of form.’ It went on: ‘They have had no voice in fixing the rates which are arranged by the British Australian Telegraph Company, who seem determined to shear the Australian sheep to the skin if possible, before any competitors enter the field with them.’ For the Empire, the ‘secret of the whole affair is monopoly.’ It called the rates ‘all but prohibitory’, and suggested that ‘it is quite clear that these charges… must be greatly reduced before the line can be made extensively useful.’ The high tariff would ‘practically exclude the general public from use of the wires.’

Concerns about limited access to telegraphic information and the capacity of wealthy operators to ‘work the telegraph’ to raise or lower the price of commodities led to calls for a government-funded official service of basic commercial and political news. These concerns, together with widespread allegations of favouritism in the transmission of messages, which cut at the heart of the integrity of the telegraph system, led the NSW government to establish a Select Committee of Inquiry. Such concerns were expressed in evidence before the NSW Select Committee of Inquiry of 1872/3. In response the Sydney agent of the newly formed Australian Press Association, W.E. Langley, specifically rejected the suggestion that the proprietors or managers of the Sydney Morning Herald had privileged access to commercial information. He stated: ‘For eight years I have had to do with telegrams at the Herald office, and on no occasion has the publication of a telegram been stopped or suspended for a moment longer than was necessary to get the news through, for any purpose whatsoever … nor do I believe that a member of the firm ever received the telegrams or saw them until they saw them in type.’ Evidence of W.E. Langley, Report from the Select Committee on Telegraphic Communication, V&P (NSW), 1872–3, Vol. 2.

The allegations were made most strongly by Samuel Bennett, editor of Sydney’s Empire who believed that newspapers which were linked with Reuters, including the SMH, received more favourable treatment in the transmission of news from London than those which were not, including his own. The Empire claimed that ‘Messrs Reuter and Co. …have control over the transmission of all messages via the Java cable’ and can therefore ‘shut out any messages they please.’ (3 July, 1872, p. 4) It further alleged that ‘a great telegraph Firm had got such possession and influence that they could delay any telegraph messages that did not come through their Company.’
Inquiry into the working of the telegraph system in December 1872. In evidence before this Committee, John Fairfax, the proprietor of the SMH, (perhaps somewhat surprisingly for a newspaper owner) supported the idea of an official government cable providing commercial news from London. Given cable rates, he argued, newspapers could not afford to provide sufficient information themselves. Furthermore, Fairfax felt that it could prove unwise to place one’s faith entirely in private agencies, commenting, ‘I think if the [Australian colonial] Governments were to unite and have a message every day, it would be better than trusting to private individuals. The message would be more likely to be a correct …a more reliable message.’ The Committee agreed, recommending that ‘a system providing for public telegrams from Europe to Australia [should] be established.’ In doing so, however, it noted that there was much difference of opinion on this matter. The idea was supported by the Manager of Victoria’s Telegraph Department, T. R. James, who envisaged a colonial agent in London compiling a daily message at an estimated cost of between 8,000 and 10,000 pounds per year. However, Charles Todd, Superintendent of Telegraphs for South Australia, objected on the grounds that the availability of a general public telegram would have a deleterious effect of the commercial operations of the telegraph company by reducing demand for private telegrams. This, he thought, might lead to demands from the Company for government subsidies beyond those already envisaged. He also warned that the public would hold the Governments responsible for the accuracy of telegrams despite any disclaimers that might be made and that mistakes were likely to occur which ‘would lead to complications and frequent complaints.’ Furthermore, once such a service was started he anticipated ‘continual pressure from without for more information’ and that ‘it would be difficult to know where to draw the line.’ Todd strongly advised a general government subsidy to British-Australian to reduce rates ‘in preference to the Government taking upon themselves the province of news agents in any shape.’ Ultimately, it was the stance that Todd represented (i.e. the view that the public provision of telegraphic information was not a matter for Government but should be left to the press) which prevailed. The matter of free public messages (or as many interpreted the idea, ‘free press messages’) was placed on the agenda for the Inter-colonial Conference held in Sydney in early 1873. However, a motion that a ‘free press message of fifty words per diem from London to Australia be furnished’ by colonial governments was soundly defeated six votes to three.

The matter of a publicly-funded news telegram service was given further consideration in the Victorian Legislative Assembly in August 1873. Proponents of the measure argued that newspapers could not afford to pay for overseas telegrams at prevailing rates and that the state therefore needed to step in to ensure an informed citizenship. There was a danger that telegraphic communication would ‘become the property only of wealthy men’ who could reap commercial advantage from their exclusive knowledge, whereas, it was argued, ‘telegraph information from Europe ought to be common property.’ Those opposed to the proposal argued that it was a thinly veiled plan to

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58 Evidence of John Fairfax, Report of the Select Committee on Telegraphic Communication, pp. 114–115. Fairfax’s stance was doubtless affected by the fact that, based on cable news from Reuters, the SMH had recently wrongly quoted London copper process at 79 pounds when they were in fact closer to 90 (SMH, 25 November, 1872). He would also have been conscious of (though he did not declare) a potential conflict of interest as he appears to have been a holder of shares in the most prominent copper company, Peak Downs Copper. This appears evident from the fact that John Reading Fairfax specifically reported to his father on the state of Peak Downs Copper in letters of the 21 January and 27 February 1865 while John Fairfax was overseas. On 21 January 1865 he wrote, ‘The half yearly report of the Peak Downs Copper Company is rather unsatisfactory. You will receive a copy of it.’ Fairfax Company Archives, Sydney, MSS 174.

59 ‘Report from the Select Committee on Telegraphic Communication ’, p. 71.

60 Ibid., p. 140.


subsidise the press and ‘endow newspaper proprietors’ and that, in any case, the Government should have no role in the public provision of news services. Again, it was this latter view which prevailed and the proposal for a government funded ‘public telegr apahing’ system was withdrawn. While in subsequent years the idea was raised from time to time it never again emerged as a serious public policy response to the ‘electric divide’ created by the telegraph.

Seeking Competition via Subsidies

Major disruptions, the garbled nature of many of the messages received and the high tariffs charged prompted early calls for a second cable to Australia preferably operated by a competitor to the British-Australian Company. A second, competing cable would both drive down rates and secure back-up in the case of breakdowns. Even before the line was in full operation the SMH wrote regarding the Australian overland section: ‘The preservation of the line from accidents on the overland route, extending through such a vast space, chiefly inhabited by the aborigines, will be an anxious task, and we must calculate on accidents which will throw us back to our dependence on the established methods. This may be sometimes productive of much anxiety and many blunders, that is by broken items of news which there will be no means to complete or correct.’ The Empire, consistent with its general view that, ‘in dealing with Australia, the capitalists of Great Britain have usually evinced too grasping a tendency’, criticised the ‘exorbitant’ charging which would make the telegraph a ‘luxury…deemed too costly by many who might otherwise indulge in it’. It also warned of the ‘monopolising tendencies of the British Australian Company’. It urged that the laying of a second cable between Java and the Gulf of Carpentaria in Queensland ‘is the only thing that the Eastern colonies can look forward to for relief.’

Initially it was thought that competition would come about. An inter-colonial conference held in early 1873 resolved (despite objections from South Australia) that, ‘in view of the serious inconvenience that would result from the stoppage of telegraphic communication with Europe, it is desirable to construct a cable between Singapore and the terminus of the Queensland lines at Normanton.’ In early 1873 the Queensland, New South Wales and New Zealand Governments approved in principle a proposal to subsidise a new cable linking the terminus of the Queensland telegraph system at Normanton on the Gulf of Carpentaria to Singapore and also providing a link between Sydney and New Zealand. This cable would be ‘wholly distinct’ from the existing cable from Darwin. The subsidy would entail the Governments guaranteeing the contacting company a 5% per year return on capital expenditure of up to a million pounds for 35 years. Siemens Brothers expressed a strong interest in undertaking the project through its newly-formed Indo-Australian Telegraph Company. However, while the Queensland Government quickly ratified the arrangements, the New South Wales Government demurred. It noted that, ‘while there is general consensus in the NSW Parliament for a second and independent telegraphic cable between Europe, Australia and New Zealand, objections have been urged both to the amount (one million sterling) and to the period (35 years) of the proposed guarantee.’ Subsequently, New Zealand and New South Wales made a separate arrangement with the Eastern Extension Company for the link between NSW and New Zealand. In doing so they undermined the prospects for a new link to Singapore and further consolidated Eastern Extension’s hold on the region. For its part, Eastern had

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63 Ibid. p. 1002
64 SMH, 13 July, 1872.
65 Empire, 20 August 1872, p. 2.
66 Empire, 12 July 1872, p. 2; 13 July, p. 2. In its Leader of 12 July the Empire also noted that the Sydney Chamber of Commerce had urged immediate action to lay such a cable.
67 Livingston, p. 92.
68 Empire, 15 February, 1873, p. 3.
69 Empire, 24 March, 1873, p. 3.
70 Letter from NSW Colonial Secretary, Henry Parkes, to the Queensland and New Zealand Colonial Secretaries. Quoted in Harcourt, p. 79.
offered the Governments particularly favourable terms for the NSW — New Zealand link perhaps realising that doing so would help scuttle competition from Siemens in the region as a whole.

The formation by Siemens Brothers of the Indo-Australian Telegraph Company, its moves to become a competitor to the Eastern Group in the Australasian region, and its ultimate withdrawal in the face of consolidation by Eastern can be in part explained by local circumstances. The relatively low traffic volumes on the Australian route compared to, say, the trans-Atlantic route meant that there was limited revenue available from tariffs and any competitor needed to rely on Government subsidy. While Australian and New Zealand colonial Governments initially advocated competition, they ultimately fell in with Eastern as, given its incumbency advantages, it could offer better terms that any competitor company for the NSW-New Zealand link, given that it could operate additional services at marginal costs whereas the new entrant would have to achieve an adequate return on its investment in this particular operation. It also appears that Eastern used covert tactics to garner official support in Australia. Harcourt notes, for example that Eastern had ‘employed’ the NSW Superintendent of Telegraphs, Edward Cracknell, as its agent at a salary of 200 pounds per year while Livingston describes South Australian Superintendent of Telegraphs, Charles Todd, as ‘virtually a private agent of the Eastern Extension Company in Australia.’ However, the events in Australia also need to be seen against the backdrop of the global competition between Eastern and Siemens at the time.

At the time it established its Indo-Australia Telegraph Company, Siemens was challenging (ultimately unsuccessfully) Eastern’s domination of the Atlantic route via its Direct United States Global Company. Siemens was also trying to extend its network in order to counter Pender’s attempts to become the dominant global operator via a consolidation/amalgamation of his companies under the aegis of his Global Telegraph and Trust Company. Writing of Pender’s moves, London’s Daily Mail commented in March 1873: ‘People will, perhaps, learn with some surprise that the world is threatened with a monopoly of the most novel and gigantic kind. ...a Globe Telegraph Company has been formed...with the avowed object of placing the ocean telegraph cables throughout the world in the hands of a single administration. North and South Atlantic lines, the lines to the Mediterranean, and their extensions to India, China, and Australia, the connecting cables with the West Indies and the South American coast – are all to be absorbed in one grand confederation, if the promoters can have their way.’ The paper went on to note that such a monopoly was unlikely to be complete as its best routes would be ‘open to invasion.’ However, ‘the aggregate combination would nevertheless be very powerful. And could to some extent, resort successfully to the tactics of “nursing” by which, to compare small things with great, competition on an omnibus route is rendered difficult or impossible.’ Harcourt has argued that Siemens’ attempted entry into the Australian market was a strategic move in this global struggle. The defeat of Siemens in the Australasian region, arising from Eastern’s ‘nursing’ tactics, was a blow to Siemens’ global strategy.

A Government-subsidised Monopoly

The monopoly position of Eastern Extension was further strengthened when, in 1879, the colonial Governments agreed that the problems of the current service could most cost-effectively and expeditiously be dealt with by encouraging Eastern Extension to lay a duplicate cable between Singapore and Darwin (though avoiding the landline section across Java) rather than by introducing a competitor utilising an alternative route. Once again, proposals from Siemens were rejected. The colonies accepted a proposal from Eastern Extension to duplicate the cable for an annual subsidy of

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71 Harcourt, p. 88.
72 Livingston, p. 100.
73 See Winseck & Pike, pp. 53–5.
74 Daily News (London), 17 March, 1873.
75 Harcourt, pp. 76–7.
76 For an account of the inter-colonial negotiations that led to this position see Livingston, pp. 98–105.
32,400 pounds for twenty years which covered interest at 6 per cent on the capital cost of 540,000 pounds. As part of the arrangement, the Company agreed to reduce government and press tariffs on the Eastern Extension Company’s portion of the line to London with the result that tariffs for Government messages between Adelaide and London were set at seven shillings and six pence per word and for the press, six shillings and three pence per word. However, the cost of private telegrams remained unchanged till 1886 despite the Government subsidy.

Through their subsidies Colonial Governments effectively paid for the cable duplication infrastructure Eastern Extension needed to make its services effective. At the same time, Eastern was able to maintain its very high tariffs for private telegrams. Through their subsidies, Colonial Governments certainly contributed to improved services for the community. In doing so they also established a secure platform for Eastern from which it could substantially increase traffic and profits without additional capital expenditure. The Governments helped to consolidate a private monopoly which endured till 1902 when the publicly-funded Pacific Cable, jointly owned by the Governments of Australia, New Zealand, Canada and Great Britain, commenced operations.

Conclusion

International telegraphy was introduced to Australia at a time when John Pender’s Eastern group of telegraph companies was gaining a dominant global position, particularly within the British Empire. The Australian connection fell neatly into its developing global network, giving it a significant advantage over any competitor. In establishing itself in Australia, the Eastern Extension Company was also able to take advantage of inter-colonial rivalry and, in particular, the willingness of the South Australian Government to fund, at enormous public expense, the Overland Telegraph Line. Once the Company became established, the advantages of incumbency were such that Australia became an uneconomic proposition for any competitor. This greatly strengthened the Company’s position when negotiating with colonial governments.

These circumstances resulted in an international telegraphy system characterised by very high prices and poor reliability. There was a slow up-take of services and criticism that this new technology advantaged a privileged few rather than the community as a whole. Colonial governments responded by offering subsidies to the telegraph company in return for improved services, thus further consolidating its monopoly position. The powerful position of private cable companies in Australia and internationally ultimately lead to a backlash against them, particularly within the British Empire where imperially-minded ‘media reformers’ argued that the companies had, through their cartels and pricing, inhibited the development of the kinds of widespread social communication across the Empire that they thought would encourage feelings of imperial unity. This backlash contributed to the decision to build the state-owned Pacific cable and hence to the establishment from 1902 of a dual private/public international telegraphic system.

78 C.A. Bodelsen has noted how in Britain from the eighteen sixties ‘the assertion that steam and electricity have annihilated distance and thus done away with one of the greatest obstacles to the permanent unity of the Empire is mentioned in almost every book, pamphlet, or article on the colonial question.’ C. A. Bodelsen, Studies in mid-Victorian imperialism. London: Heinemann, 1960, p. 84. However, imperially-minded critics of the cable companies argued that private interests had inhibited this development. See Winseck & Pike, p. 143.