

to London by Point-de-Galle and Brindisi; but it is confidently estimated that the service by San Francisco can be accomplished in fifty-one and a half days (two and a half days less than the contract time between Melbourne and Southampton), and that this period may hereafter be reduced by several days through improvements in the American railway service, and through the employment of steamers on the Pacific of equal power and speed with those used on the Atlantic.

If this not unreasonable expectation should be fulfilled, then the service by San Francisco would become an exactly alternating fortnightly one, in regard to arrival as well as departure, with the service by Point de Galle and Brindisi.

Upon the advantages of such a fortnightly communication, bringing into regular connection as it would all the principal Colonies and Dependencies of the Empire (Her Majesty's African Possessions excepted), we need not dwell.

4. At present we are instructed to invite the Imperial Government to contribute in aid of the subsidy which the Governments of Victoria and New Zealand have contracted to give towards the maintenance of the San Francisco route, and we have now the honor to request your Lordship to submit their claim for such assistance to the Lords Commissioners of Her Majesty's Treasury, and to the Postmaster-General.

We do not doubt that your Lordship will sanction and support a system of communication between the Colonies and the United Kingdom so well calculated to promote their mutual connection, intercourse, and advantage.

5. The sum which we are instructed to invite the Imperial Government to subscribe is an annual contribution of £20,000 for the term of the new contract.

The contract, if sanctioned by the Legislatures of Victoria and New Zealand, will come into operation on the 19th of next September, and hold for eight years and a half from that date.

We believe that, apart from considerations of public policy, the Colonial Governments have a fair claim to expect the assistance of the Imperial Government to at least the extent of the sum we have named. At present, the Imperial Post Office retains the entire postage on the letters despatched to New Zealand *via* San Francisco, and in consideration thereof pays all charges on such letters, as well as on letters coming from New Zealand to and from San Francisco. The American charge on a letter from San Francisco to New York averages, as we are informed, about three farthings, whilst the charge from New York to London may be stated at one penny per letter. Doubling this sum, on the supposition that the correspondence either way is equal in amount, and even adding to it a penny for inland postage, there still remains out of the sixpence charged per letter on all despatched by the Imperial Post Office, a clear and not inconsiderable margin of profit to the Department, which will certainly not decrease if, as may be reasonably expected, correspondence is considerably extended by the facilities of a thoroughly well organized Pacific Service. We do not suggest any disturbance of this arrangement (except that in future no extra charge should be made on the Colonies for books, papers, &c., between San Francisco and this country); but, for the special reasons we have just stated, we confidently expect that the Postmaster-General will support the claim which we make on behalf of our respective Governments on Her Majesty's Imperial Treasury.

6. We have now, therefore, to request that your Lordship will submit the case which we have the honor of laying before you for the consideration of the Departments specially concerned, and of Her Majesty's Ministers; and we will venture to urge upon your Lordship the desirability of doing so with all convenient despatch, so that, if possible, we may be enabled to inform our respective Governments, while their Legislatures are in session (that of Victoria having already met on the 30th of April) of the decision of the Government of the United Kingdom.

We have, &c.,

HUGH C. E. CHILDERS.
I. E. FEATHERSTON.

The Right Hon. the Secretary of State
for the Colonies, Colonial Office.

No. 43.

The POSTMASTER-GENERAL, Washington, to the Hon. GAVAN DUFFY and the Hon. JULIUS VOGEL.

Post Office Department,

Washington, D.C., 19th June, 1872.

GENTLEMEN,—

I have the honor to acknowledge the receipt of your joint communication, dated at Melbourne, 13th March, 1872, respecting the contracts entered into by the Colonies of Victoria and New Zealand with Messrs. Webb and Holladay, for the conveyance of mails by a first-class line of steamships between those Colonies and San Francisco, and expressing the hope that the United States Government, sharing the feeling existing in said Colonies respecting the great advantages to result from the establishment of direct steam communication with the United States, will grant to Messrs. Webb and Holladay such subsidy as will, in conjunction with that they receive from the Colonies, enable them to successfully maintain the service on which they have entered.

I desire to assure you, in reply, that I feel a warm interest in the establishment and maintenance of a direct and rapid steam communication with the Colonies of Australia and New Zealand, believing that such a service will greatly benefit the general business interests of the country; and in my last annual report, dated 18th November, 1871, I called the attention of Congress to the fact that such a service had been inaugurated between the Colonies of Australia and New Zealand and the Port of San Francisco, under the patronage of the New Zealand Government, in the expectation that additional aid to sustain it would be granted by the Government of the United States, and recommended appropriate legislation for the maintenance thereof by a moderate money subsidy, in addition to the mail compensation paid by the Colonies under the existing contracts. The President also, in his annual message to Congress, recommended suitable legislative action in aid of this important service.

I exceedingly regret that notwithstanding these recommendations, and the earnest desire of the