

Coast for some time, and proceeds by the "City of Sydney" to Honolulu, as a guest of the King, who invites him owing to the interest he took in promoting the reciprocity treaty with the United States and Hawaii. I found this gentleman deeply interested in the subject, and willing to take a statesmanlike view of the question.

I therefore endeavoured to present it in such form as in my judgment would induce him to take it up in Congress. If I succeed in this, of which I am sanguine, it is reasonable to hope for a joint resolution of both Houses favouring removal of the transit charges, which are imposed solely for revenue purposes.

I have given a great deal of thought to the question, and devoted a great deal of time to it also, and will be disappointed if I do not succeed in removing this obstacle to the permanence of the mail service.

I would suggest that, in view of the possible contingency of a joint resolution of Congress upon the subject, I should be authorized to conclude a treaty with the United States Post Office, stipulating that, in consideration of the service rendered by the contracting colonies in carrying the United States mail free of charge, and for the purpose of promoting commercial relations between Australasia and this country, the transit charge upon the British enclosed mail to and from the colonies shall be borne by the United States Government, so far as the overland freight is concerned. Send me the draft of a treaty which would be acceptable.

Should you act upon my suggestion, I suppose you must assume that New South Wales will co-operate with you.

I have, &c.,

W. Gray, Esq., Secretary, Post Office, Wellington.

ROBT. J. CREIGHTON.

Enclosure in No. 18.

MEMORANDUM by Mr. R. J. CREIGHTON on the Postal Service and Commercial Advantages of the Trade between the United States and New Zealand and Australia.

WHEN the United States Postal Commission visited this Coast in 1876, I submitted a memorandum giving a historical sketch of the direct mail communication between this country and the Australian Colonies and New Zealand, compiled from public documents and personal knowledge of the facts. In it I suggested that the Congress of the United States should contribute towards the support of this line, as well for the sake of extending American commerce as in consideration for carrying the United States mail, for which practically no payment is made, the whole burden being thrown on the small communities of New South Wales and New Zealand; and I added: "The necessity for taking this subject into consideration is urgent, as, should the present mail service, from any cause whatever, break down, it is highly improbable that New Zealand, at all events, which has already made very large sacrifices, would seek to re-establish it, but would make arrangements, which it could do at much less cost, for receiving and transmitting its mail *via* Suez, the Peninsular and Oriental Steamship Company being willing to establish a fortnightly service on condition of having the monopoly of the Australian trade." I continued: "It is respectfully suggested, therefore, to this Commission that they should favourably consider the propriety of recommending the payment of a sufficient subsidy to the contractors to ensure the performance of the service, and so extend and consolidate American commerce in the South Pacific."

2. These suggestions were unheeded, the Commission confining itself to internal postal questions. But, while the Pacific Mail was neglected, schemes of a more or less visionary character, regarded from a strictly commercial standpoint, were discussed, and occupied no small share of public attention. A postal convention with Great Britain was concluded, which is likely to break down the Pacific Mail Service, and nip in the bud a most lucrative trade with the Australian Dominion of England. I make no apology for again quoting from my memorandum to the Postal Commission, inasmuch as it opens the question which forms the subject of the remarks following. I wrote, in continuation of the foregoing extract:—"The attention of the Commission is likewise directed to the following paragraph in the report of the New Zealand Postmaster-General, with the view of recommending a return by the United States Postal Department to the old scale of charges for mail-matter. Should the present charges be insisted upon, it must ultimately lead to a discontinuance of the Australian mail route across the American continent. The Postmaster-General says,—'In December last the United States Postmaster-General intimated to the London Post Office authorities that from the 1st of January, 1876, the rate for the carriage of British closed mails between San Francisco and New York would be increased to 33 cents per lb. on both letters and newspapers, instead of 3½ cents per oz. on letters, and 6 cents per lb. on newspapers—charges which, it was stated, were found wholly insufficient to represent the payments made by the United States Post Office to the railway companies. The closed mails in question were principally those sent and received by New South Wales and New Zealand, and, in order to meet the extra charge, the Lords Commissioners of Her Majesty's Treasury proposed to raise the rates of postage on newspapers and other printed matter sent in the mails to the colonies *via* San Francisco. The proposal was in effect to raise the postage on newspapers, &c., to 4d. per 4 oz., and to be at liberty to demand a postage on newspapers sent in the colonial mails sufficient to cover the transit charges of the United States Post Office. This proposal was strongly protested against by the Agents-General of the two colonies, as being entirely against the spirit and intention of the arrangement made in May, 1873, and which was regarded as binding for a period of five years. Eventually the Imperial Government withdrew their claim, but intimated that the basis of payment would have to be reconsidered upon the expiration of the existing arrangement.' The arrangement therefore, by which the colonial mails benefit at the expense of the Imperial Government, terminates in 1879, when a similar concession need not be expected, as the policy of the London Post Office authorities has been to discourage the San Francisco route in favour of the Peninsular and Oriental Service *via* Galle and Suez—a service which the Imperial Government subsidized for its India and China mails. It is