

United States Postal Department would not designate any sum in such a communication. The suggestion of this amount by Mr. Davis is important, as indicating with tolerable precision the length the department would be prepared to go, and the extent to which it might be prudent to push your claim. There is another reason also, and one which should not be overlooked. Mr. Davis ceases to hold a seat in the Congress after the 3rd March next, he having been defeated at the late general election, and I am very solicitous to close this matter before he retires. His personal influence with the department is very material, because he fully understands the commercial and political bearings of the question, having given it special attention.

I wrote to Mr. Davis requesting him to procure a transcript of the official letter, which he informally did; and I perceive clearly that nothing can be done until your Government communicates its wishes to the Postal Department. The considerations I have stated, however, suggest urgency. If Mr. Davis had a seat in Congress I should not fear a direct appeal to Congress, but you will understand, from the outcry about subsidies made after the passing of the empowering clause in the Post Office Appropriation Act of last session, the danger there is of the whole affair miscarrying without persistent lobbying. I prefer to hold to what we have got, and bring it slowly to fruition. I think this might be accomplished were the United States Postmaster-General to intimate to the London Post Office Department that he was prepared to remit annually \$50,000 of the stipulated payment on account of territorial transit charges, in favour of the contracting colonies, and requesting Great Britain to account for such amount to the Colonial Governments. In this way the English Postmaster-General, instead of paying this money or accounting for it to the Washington department, would account for it in the annual settlements with New Zealand and New South Wales. It is not the most direct way of getting at it, but it appears to me, with the knowledge I have, to be about the best. Should this plan commend itself to your Government, they should lose no time in presenting it to the Washington department, and concurrently advise me that I might bring such influence as I might have access to to press it upon the Postmaster-General. As you are aware, these negotiations have been of an informal character throughout, and, in your direct communications with the Postmaster-General here, you should bear their tenor in mind, and place the case of the colony on the same footing in respect of reciprocal advantages.

One direct advantage has already accrued. Mr. Davis writes to me on the 6th instant, "It gives me pleasure to inform you that our Government has voluntarily reduced the trans-territorial charges, other than to England, from 25 cents per ounce, the amount agreed upon in 1874, to 15 cents." This is a proof of the wish of the Government of the United States to cultivate friendly relations with the Australian Colonies, and shows that the only hindrance to its larger manifestation is the Home Government. I am not without hope, however, that the present Administration will be prepared to meet the United States Government in this matter.

You will permit me to suggest that the letter of Postmaster-General Maynard affords an opportunity to your Government to make a very strong point, when he says he is "disposed to carry into effect the will of Congress, as expressed in the provision of the law above referred to, by remitting in favour of the colonies, in consideration of the continuance of the existing steamship service to and from San Francisco after the termination of the present contract, such portion of the trans-continental charge on Australian closed mails as will be equitable and just." You might state the aggregate subsidy already paid by New Zealand to establish and maintain this postal and commercial line, as an evidence of your desire to continue it, and that you earnestly hope for its continuance through the liberal co-operation of the United States Government, and the acceleration of the overland transit, to enable it to compete successfully with the Eastern route.

These are the only points that occur to me at present in relation to this matter. It is a misfortune that the distance and intervening time should prevent a speedy termination of this business. There is even a chance of Mr. Maynard going into the Senate, when the work would have to be done over again. He will certainly retire from the Cabinet in March. Mr. Davis has been spoken of as the probable Postmaster-General in Mr. Garfield's Administration, but nothing is fixed. If you have anything pressing to communicate to me in relation to this affair, it might save time to telegraph.

I have, &c.,

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

ROBT. J. CREIGHTON.

No. 17.

Mr. CREIGHTON to Mr. GRAY.

(Telegram.)

San Francisco, 1st February, 1881.

FORTY thousand dollars voted House.

W Gray, Wellington.

CREIGHTON.

No. 18.

The Hon. Mr. HALL to the Hon. the POSTMASTER-GENERAL, Sydney

(Telegram.)

Wellington, 19th February, 1881.

Re reduction American transit charges and my letter 20th ultimo, last mail brought information that United States Post Office only awaits views of colonies prior to making reductions fifty thousand dollars. Present American Executive retires from office on 3rd proximo. Mr. Creighton thinks interests of colonies would be best served were questions disposed of before change in Executive takes place. As time presses, kindly reply as to answer which you would agree to be sent United States Post Office.

Hon. Postmaster-General, Sydney

JOHN HALL,

Postmaster-General.