

1907.

NEW ZEALAND.

OCEAN MAIL-SERVICES

(FURTHER PAPERS RELATING TO).

[In continuation of Paper F.-6, presented on the 2nd August, 1907.]

Presented to both Houses of the General Assembly by Command of His Excellency.

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SAN FRANCISCO SERVICE.

INCIDENTS OF AMERICAN TRANSIT.—DISLOCATION AND CESSATION OF SERVICE.

No. 1.

The EDITOR, *Shipping Illustrated*, New York, to the Hon. the POSTMASTER-GENERAL, Wellington.
SIR,—
116 Produce Exchange, New York City, 18th March, 1907.
We beg to ask your attention to an article on page 267 in our issue of the 16th March, 1907, marked copy of which is sent you herewith, and we trust the same may prove of value as well as interest to you.

Yours, &c.,
For the Editor,
S.

The Postmaster-General, Wellington.
[S.F. News, 07/103.]

Enclosure in No. 1.

EXTRACT from the *Shipping Illustrated*, New York, 16th March, 1907.

If, when there is danger of interruption to the ordinary regular mail-service to foreign ports, our Post Office authorities would give public intimation of the fact as far in advance as possible, they would be conferring a great favour upon the business community. Once more the mail-service to New Zealand is interrupted, and, although notices to this effect from the English Post Office appeared in the London papers on February 28th, no corresponding information was given to the people of this country who are striving to develop foreign trade for the nation. Inquiry at the New York General Post Office on March 12th elicited no information save that instructions were being awaited from Washington, and that a mail might be sent *via* Vancouver, B.C., to close in New York on March 24th. The last mail for New Zealand closed here February 23rd, and the ordinary regular departure should have been on March 16th. In view of the very heavy cable tolls to New Zealand the interruption or delay of a mail becomes a serious matter, liable to involve the loss of much money to those doing business with that country, as was the case in the total omission of the mail before Christmas, and concerning which no notice was given by the Post Office here. The notice printed in the London papers, February 28th, was as follows:—

“In consequence of the temporary withdrawal of a mail-steamer on the line between New Zealand and San Francisco, no mail for New Zealand will be despatched hence by way of San Francisco on March 9th, and no homeward mails are expected by that route on March 23rd. Correspondence for New Zealand which would in normal circumstances be despatched by way of San Francisco on March 9th will, if posted in time, be sent in the mail despatched *via* Italy on the evening of the 8th of that month.”

[S.F. News, 07/104.]

No. 2.

The SUPERINTENDENT, Division of Foreign Mails, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

Post Office Department,

Office of the Second Assistant Postmaster-General, Division of Foreign Mails,

Washington, D.C., 12th April, 1907.

SIR,—

Referring to the suspension of the sailings of the Oceanic Steamship Company on the route San Francisco—Honolulu—Pago Pago—Auckland—Sydney, I have the honour, by direction of the Postmaster-General, to inform you that articles mailed in this country addressed for delivery in Australia and New Zealand will be despatched *via* Great Britain as well as *via* Vancouver, and that such of the articles as are despatched *via* Great Britain in closed mails will be addressed to the offices of Auckland, Sydney, Melbourne, Adelaide, Brisbane, and Hobart.

Please cause due notice of the foregoing to be taken on your side.

I am, &c.,

N. M. BROOKS,
Superintendent, Division of Foreign Mails.

The Postmaster-General, Wellington.
[S.F. Agt. 07/147.]

No. 3.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

SIR,—

Resident Agency for New Zealand, San Francisco, 17th April, 1907.

I have the honour to acknowledge the receipt of your communications of the 26th February [No. 113, F.-6, 1907] and of the 11th March, 1907 [not printed], both in reference to the interruption and final disarrangement of the service per the Oceanic Steamship Company's steamers between Australia and this port, and to note further that in the meantime no mails from Great Britain will be forwarded *via* San Francisco.

I trust this condition of affairs will be remedied in the near future. The vessels are now arriving here in a more or less dilapidated condition, and, it is rumoured, are to undergo large and thorough repairs in this port. Any repairs that do not contemplate new boilers will not, I fear, be sufficiently effective to warrant confidence in the performance of the vessels in the future.

I have, &c.,

H. STEPHENSON SMITH,

The Secretary, General Post Office, Wellington.

Resident Agent for New Zealand.

[U.S. Inc., 07/31.]

No. 4.

The SECRETARY, General Post Office, Wellington, to the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 10th May, 1907.

I have the honour to direct attention to the fact that since the departure of the s.s. "Sonoma" from Auckland on the 7th February last New Zealand has ceased to make use of the San Francisco route for the regular conveyance of British mails.

It is clear that the resumption of the San Francisco route for the regular conveyance of British mails cannot now take place for a period of six months from that date, and this Department is therefore empowered under Article XXXI, paragraph 3, of the Universal Postal Union Convention of Washington to request that new statistics be taken in respect of all mails conveyed between San Francisco and Great Britain by means of the American extraordinary overland transit and the Atlantic transit services.

It is suggested, however, in view of the proximity of the next Postal Union counting (November, 1907), that the circumstances of the case would be better met by New Zealand paying on the actual weight of correspondence conveyed by the above-mentioned services, such basis of payment to date from the 1st March, 1907; and I shall be glad to hear that this course is agreed to by you.

Under existing arrangements a statement of the actual weight of correspondence for the United Kingdom *via* San Francisco is already furnished both to San Francisco and to your own office for every mail at the time of its despatch from New Zealand.

I have, &c.,

D. ROBERTSON, Secretary.

The Postmaster-General, Washington, D.C.

[S.F. Pays. 07/59.]

No. 5.

[Extract from the *New Zealand Times*, 7th June, 1907.]

(Telegram.)

London, 6th June, 1907.

FROM August next Australasian mails are to be sent alternately by the Vancouver route and by Andrew Weir and Co.'s new San Francisco line.

[S.F. News, 07/128.]

No. 6.

The SECRETARY, General Post Office, Wellington, to the RESIDENT AGENT FOR NEW ZEALAND, San Francisco.

(Telegram.)

Wellington, 7th June, 1907.

WHAT information have you of Andrew Weir steamship line San Francisco Auckland?

[U.S. Inc., 07/36.]

No. 7.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

San Francisco, 7th June, 1907.

WEIR LINE: First steamer is expected to leave 30th August, every four weeks, Auckland, possibly *via* Apia. Expected to arrive 25 days. Carries American mails.

[U.S. Inc., 07/37.]

No. 8.

The RESIDENT AGENT FOR NEW ZEALAND, San Francisco, to the SECRETARY, General Post Office, Wellington.

SIR,— 216 California Street, San Francisco, 10th June, 1907.

I have the honour to acknowledge the receipt of your cable of the 7th instant, to which I replied, and which I desire to confirm.

Upon receipt of your cable I waited upon the San Francisco agents of this line, and obtained the information as above. This is purely a cargo line—carries no passengers—and the time-table (enclosed) [not printed] is evidently arranged to operate every two weeks between the departure of the Vancouver boats. The agents state that these steamers will make the trip to Auckland in twenty-five days, including the possible call at Apia (which will only be done should sufficient inducement offer). I am rather doubtful whether these steamers can make the time the agents claim.

The agents inform me that they have secured the carriage of the American mails. Whether under subsidy or not the agents are not advised, but I think probably only under the Postal Union poundage rates.

The line will be of questionable value as a mail-route, in my judgment, but will be better than nothing.

I enclose you copies of the time-table [not printed] as now arranged, as well as the schedule for freight [not printed], which may be useful for inquiries.

* * * * *

Trusting the above may be of interest.

I have, &c.,

H. STEPHENSON SMITH,

Resident Agent for New Zealand.

The Secretary, General Post Office, Wellington.

[U.S. Incts. 07-47.]

No. 9.

The OCEANIC STEAMSHIP COMPANY, Auckland, to the SECRETARY, General Post Office, Wellington.
Oceanic Steamship Company (American and Australian Line),
Auckland, 30th July, 1907.

SIR,—

We have the honour to acknowledge receipt of your letters of the 25th and 26th instant [not printed], for which we thank you.

* * * * *

Kindly note that Mr. J. C. Spedding, of this city, has been appointed correspondent in New Zealand since the closing of the company's office.

We have, &c.,

OCEANIC STEAMSHIP COMPANY.

J. C. SPEDDING, New Zealand Correspondent.

The Secretary, General Post Office, Wellington.

[S.F. Payts. 07/78.]

AUSTRALIA-SUEZ SERVICES.

No. 10.

The PRESIDENT, Wellington Chamber of Commerce, Wellington, to the Hon. the POSTMASTER-GENERAL.

SIR,— Wellington Chamber of Commerce, Wellington, 18th January, 1907.

The Council of this Chamber feels constrained to approach you once more, on the eve of your departure from New Zealand, on the vexed subject of the unsatisfactory character of our ocean mail-services—or, rather, the absence of any arrangement that can be reasonably described as a service.

It had been proposed to ask you to receive a deputation from the Chamber on this matter, but as your early departure from New Zealand renders this course impracticable, the present method of submitting the question for your consideration is adopted.

The present position of the mail connections between the colony and the Mother-country is such as to put the traders of New Zealand at a serious disadvantage, and constitutes a grave injury to the commerce of the country.

The service between the colony and San Francisco seems to have practically broken down. No serious attempt is apparent to restore its efficiency, and it is impossible to discern any probability of its becoming again effective within any reasonable time.

A service *via* Vancouver would no doubt be eminently desirable, but at present there seems to be no hope of its attainment.

A service *via* Brindisi is within our reach, which, though a little longer than an efficient service *via* San Francisco or Vancouver, is regular, reliable, and efficient, and such a connection would be infinitely preferable to the present position of uncertainty and confusion. This service, as pointed out on former occasions, would become available for our mails if the weekly steamer for Sydney were despatched on Friday instead of Saturday. The benefit of the partial arrangement in this direction now in force is unfortunately minimised, if not destroyed, by the irregularity of the San Francisco steamers, which seldom arrive in time for the correspondence to be answered by this opportunity.

This Chamber therefore desires respectfully to urge that, before leaving New Zealand, you will take steps to have the present partial arrangement made applicable to all the steamers leaving Wellington direct for Sydney.

The Hon. the Postmaster-General, Wellington.

Yours, &c.,

G. SHIRTCLIFFE, President.

[Suez Conn., 07/215.]

No. 11

The SECRETARY, Chamber of Commerce, Wellington, to the Hon. the POSTMASTER-GENERAL OF NEW ZEALAND (in London).

(Telegram.)

Wellington, 23rd March, 1907.

WELLINGTON Chamber of Commerce strongly urges arrange weekly mail *via* Sydney. Francisco service abandoned.

[Suez Conn., 07/169A.]

No. 12.

The SECRETARY, Wellington Chamber of Commerce, to the Hon. the POSTMASTER-GENERAL (in London).

SIR,—

Wellington Chamber of Commerce, Wellington, 28th March, 1907.

On the 23rd instant I had the honour, by direction of the Council of this Chamber, to send you a cable message.

The view of the Council on the question of mail-services is that, as the San Francisco service is now definitely abandoned, and the commercial community is practically confined to the service *via* Australia and Suez, it is not unreasonable, in view of the increased volume of the business correspondence of the colony, to ask that New Zealand should secure the full advantage of the opportunities afforded by that route, by arranging for a weekly connection *via* Sydney instead of a fortnightly one.

This arrangement would provide a regular and reliable service which would compensate for the slightly longer time of transit, and would meet all the present needs of the colony.

The resolution of the Council covering the above recommendation included a further suggestion on the subject of mail subsidies—namely, that the Government should endeavour to arrange with the direct lines of steamers trading between New Zealand and London; that in return for a reasonable subsidy they should establish a regular mail-service between the two countries, with a time-limit of thirty-five days.

The companies carrying on this trade have served the colony well in the past, and have shown every desire to keep pace with the times, and to meet the requirements of the ever-increasing passenger and cargo traffic by steadily enlarging the size and improving the character of the vessels employed in the service.

My Council considers that the time has arrived when a thirty-five-days service is quite feasible, and that with the aid of a reasonable subsidy the companies would be prepared to lay on steamers of such a class as would attain this object.

In addition to the mail advantages of such a service, my Council is of opinion that lines of superior steamers and a shortened voyage would constitute an excellent advertisement for New Zealand, attracting a greatly increased stream of visitors and immigrants to the colony, and generally would result in such advantages as would well outweigh the cost of a reasonable subsidy.

I have, &c.,

S. CARROLL, Secretary.

The Hon. Sir J. G. Ward, K.C.M.G., Hotel Cecil, London.

[Suez Conn., 07/170.]

No. 13.

The Hon. the POSTMASTER-GENERAL (in London), to the SECRETARY, Chamber of Commerce, Wellington.

(Telegram.)

London, 30th March, 1907.

GLAD do my utmost help matter forward.

[Suez Conn., 07/170 A.]

No. 14.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

Union Steam Ship Company of New Zealand (Limited), Dunedin,
11th May, 1907.

SIR,—

Referring to the arrangement between your Department and this company in connection with the Friday departure from Wellington for Sydney, under which the company receives a payment of £200 for each sailing, exclusive of mailage:—

We beg to bring under your notice that payments have been tendered to us for a lump sum of £250, which we gather is intended as payment in full for the acceleration and the mailage. As verbally advised you by Mr. Kennedy, this is not in accordance with our understanding of the arrangement, which is that the maximum payment of £50 is intended to cover only the mailage on matter for places beyond Australia, in addition to which we anticipated receiving payment at the ordinary rates for mail-matter conveyed from New Zealand for the Commonwealth. Pending an adjustment of the matter, we have not so far accepted payment of the amounts now standing at our disposal, but as we are desirous that we should not inconvenience your Department in any way in the matter, we propose to lift the cheques now awaiting receipt on the understanding that we shall not be prejudiced by so doing.

Yours, &c.,

D. A. AIKEN,
For General Manager.

The Secretary, General Post Office, Wellington.

[Suez Conn., 07/118.]

No. 15.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

General Post Office, Wellington, 20th May, 1907.

SIR,—

I beg to acknowledge the receipt of your letter of the 11th instant, in reference to the arrangement between this Department and your company for the Friday departure of steamers from Wellington for Sydney. I note that, pending the adjustment of the amount payable for gratuities each trip, you propose to accept payment of the amounts now offered, on the understanding that your company shall not be prejudiced by so doing.

Yours, &c.,

D. ROBERTSON, Secretary.

The General Manager,

Union Steam Ship Company of New Zealand (Limited), Dunedin.

[Suez Conn., 07/125.]

No. 16.

The SECRETARY, General Post Office, Wellington, to the DEPUTY POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 28th June, 1907.

KINDLY telegraph to-day dates arrival last twelve Brindisi mails Sydney, also dates despatch for New Zealand.

[Suez Conn., 07/133.]

No. 17.

The DEPUTY POSTMASTER-GENERAL, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 28th June, 1907.

YOURS to-day. Last 12 Brindisi mails arrived Sydney 9, 17, 22 April, 1, 6, 16, 21, 29 May, 3, 12, 17, 26 June. Despatched New Zealand 10, 17, 24 April, 1, 6, 18, 22, 30 May, 5, 12, 17, 26 June respectively.

[Suez Conn., 07/134.]

No. 18.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

(Telegram.)

Wellington, 1st July, 1907.

POSTMASTER-GENERAL is prepared to consider payment of a subsidy of ten thousand pounds (£10,000) per annum without gratuities for a weekly Friday steamer from Wellington to Sydney. Please reply early if this acceptable to your company.

[Suez Conn., 07/135.]

No. 19.

SUPPLEMENTARY ORDER PAPER.

House of Representatives.

Wednesday, 3rd July, 1907.

MR. AITKEN to ask the Postmaster-General, Whether he intends to take steps to get the Union Steam Ship Company to connect their steamers at Sydney for Wellington to suit the arrival of the mails coming *via* the Suez Canal, and so save the time now invariably lost by the mails having to remain at Sydney for days awaiting an opportunity of despatch; also whether he cannot arrange for a weekly mail leaving Wellington on each Friday instead of fortnightly as at present?

Reply.—At present the mails arriving by the P. and O. steamers are due at Sydney on Tuesday, and those by the Orient steamers on Thursday. The regular steamers for New Zealand leave Sydney on Wednesday for Auckland and on Saturday for Wellington. The mails by the P. and O. line frequently arrive at Sydney on Mondays, but those by the Orient rarely arrive before Wednesday. In the latter case—that is, every fortnight—connection is very close. As the attached schedule will show, seven out of the last twelve mails have been despatched for New Zealand on the same day as that on which they arrived at Sydney, and in two cases the mails were despatched the day following the arrival at Sydney. In the remaining three cases the interval was two days. It is true that of the close connections two were made owing to the regular Saturday steamer having been delayed until the Monday. It is not, however, correct to say that the mails invariably remain at Sydney for days awaiting an opportunity for despatch. On the whole, the present time-table of the Union Steam Ship Company from Sydney allows of reasonably close connections, and so long as the mails arrive at Sydney irregularly it would not be possible to effect an improvement in the connecting service except at a cost which would not be warranted. Negotiations are now proceeding with the companies concerned for a weekly instead of a fortnightly Friday's connection with Wellington.

Dates of Arrivals and Departures of Brindisi Mails during Period April to June, 1907.

| Arrived Sydney. | Left Sydney. | Destination. |
|---------------------------|---------------------------|---|
| Tuesday, 9th April ... | Wednesday, 10th April ... | Auckland. |
| Wednesday, 17th April ... | Wednesday, 17th April ... | " |
| Monday, 22nd April ... | Wednesday, 24th April ... | " |
| Wednesday, 1st May ... | Wednesday, 1st May ... | " |
| Monday, 6th May ... | Monday, 6th May ... | (By "Warrimoo, delayed. Arrived Wellington 10th.) |
| Thursday, 16th May .. | Saturday, 18th May ... | (Regular to Wellington.) |
| Tuesday, 21st May ... | Wednesday, 22nd May ... | Auckland. |
| Wednesday, 29th May ... | Wednesday, 29th May ... | (By Wairuna to Wellington.) |
| Monday, 3rd June ... | Wednesday, 5th June ... | Auckland. |
| Wednesday, 12th June ... | Wednesday, 12th June ... | " |
| Monday, 17th June ... | Monday, 17th June ... | (By "Moeraki, delayed, to Wellington.) |
| Wednesday, 26th June ... | Wednesday, 26th June ... | Auckland. |

[Suez Conn., 07/132.]

No. 20.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin [at Wellington], to the SECRETARY, General Post Office, Wellington.

Union Steam Ship Company of New Zealand (Limited),
Wellington, 6th July, 1907.

SIR,—

Referring to the Managing Director's telegram of the 19th January [No. 179, F.—6, 1907] to the Postmaster-General on the subject of mailage by steamers leaving Wellington on Fridays to connect with the Federal mail in Sydney, you will remember that it was agreed that a maximum of £50 should be paid for the carriage of English mails by any one steamer until experience was gained, and the question of mailage would be subject to reconsideration after three months.

I understand that the Department have taken this to mean that the £50 per trip would cover payment for all mail-matter, intercolonial as well as English and foreign; but reference to the telegrams that passed will, I think, show that this was not intended, and I should be obliged if you would reconsider the matter and agree to the ordinary rates being paid for intercolonial mails.

I would also point out that, as the volume of English and foreign mail-matter is very considerable, £50 per trip is somewhat inadequate payment, and I would ask you to take the question into consideration. I would submit that the ordinary gratuities would be reasonable payment, particularly as the earnings of the Bluff-Melbourne and Auckland-Sydney steamers are to some extent depleted by the Friday Wellington-Sydney sailing.

I have, &c.,

C. HOLDSWORTH,
General Manager.

The Secretary, General Post Office, Wellington.

[Suez Conn., 07/138.]

No. 21.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin [at Wellington], to the Hon. the POSTMASTER-GENERAL.

Union Steam Ship Company of New Zealand (Limited),
Wellington, 6th July, 1907.

SIR,—

The Secretary of the Postal Department has asked if the company would be prepared to arrange a Friday sailing from Wellington to Sydney throughout the year in connection with the carriage of English mails, and, if so, whether we would look favourably on a payment of £10,000 per annum for providing the Friday sailing, this sum to include payment for the carriage of mails.

We have given the matter very close consideration, and I think it would not be out of place to refer to our experience during the last six months of providing a fortnightly Friday sailing.

During this period the sailing-days have been maintained, and connection with the Federal mail at Sydney has been made, with one exception, when the failure was due to heavy fog in Wellington Harbour and Cook Strait.

Although the service as arranged has been satisfactorily carried out, it has, as anticipated, proved arduous and expensive. It has necessitated extra overtime at at least four ports; the Melbourne-Hobart cargo-service has been impaired; at Hobart considerable trouble has arisen in connection with the steamers having to short-ship cargo for New Zealand ports, to such an extent that the quantity shipped has been affected by about 90 tons a trip, and this, moreover, has not been carried by succeeding steamers, but has gone by other channels; several of the ships have not been able to proceed to Dunedin, but have been obliged to discharge and load their cargoes at Port Chalmers at a cost of 5s. to 6s. per ton; heavier coal-consumption has been necessary on the Hobart-Bluff and Wellington-Sydney sections of the voyage; and the expenses in connection with the foregoing have exceeded the sum paid—namely, £200 per trip—for the Friday sailing.

A sailing every Friday will be more arduous, and the difficulties referred to will be increased. Whereas in the past we have arranged intermediate six-monthly dockings in Melbourne, and occasionally surveys, during the stay in port, it is most probable that when either dockings or surveys are due it will be necessary to replace the steamers, involving, as you will recognise, very heavy expense. It will also not be an infrequent expedient to omit Dunedin as a port of call, unless the Bluff was occasionally missed, a course we are loth to consider.

My company and Messrs. Huddart, Parker, and Co., who undertake a portion of the sailings, are anxious to meet your views, and recognise the public convenience in having a regular weekly service to England, and we shall be willing to undertake the service at the rate now paid—viz., £200 per trip, or, in round figures, £10,000 per annum plus the ordinary gratuities for mails carried at present rates, though we should not be prepared to compound the payment for the English and foreign mails for £50, as we understand that this is considerably less than the present rates work out at.

The foregoing is subject to our original condition that there should be no penalty in the event of failure to connect, though it would be clearly understood that both companies would make every endeavour to secure the sailing and connection arranged for.

I have, &c.,

C. HOLDSWORTH,
General Manager.

The Right Hon. Sir Joseph Ward, Wellington.

[Suez Conn., 07/147.]

No. 22.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin [at Wellington], to the Hon. the POSTMASTER-GENERAL.

Union Steam Ship Company of New Zealand (Limited),
Wellington, 9th July, 1907.

SIR,—

Referring to our interview of to-day with regard to a weekly connection at Sydney with the Federal mail, I have pleasure, on behalf of the Union Steam Ship Company and Messrs. Huddart, Parker, and Co., with whom I have communicated by cable, in accepting your offer of £15,000 per annum for providing a weekly Friday sailing from Wellington to Sydney, it being understood that this sum shall include payment for the carriage of mails and mail-matter, both English and intercolonial, from Wellington to Sydney.

Our acceptance is also subject to the original condition that there shall be no penalties in the event of failure to connect, but it shall be clearly understood that both companies shall make every endeavour to provide the sailing and connection arranged for.

The question of term was not arranged. I would suggest that it should be twelve months.

I have, &c.,

C. HOLDSWORTH,
General Manager.

The Right Hon. Sir Joseph Ward, Wellington.

[Suez Conn., 07/148.]

No. 23.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

(Telegram.)

Wellington, 15th July, 1907.

YOUR letters 6th and 9th: Postmaster-General directs me to inform you that offer at fifteen thousand pounds (£15,000) without gratuities for a period of twelve months for providing weekly Friday sailing from Wellington to Sydney has been accepted. Should be glad if you would arrange for this to commence this week. Please reply, so that I can give necessary instructions to our offices.

[Suez Conn., 07/151.]

No. 24.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 15th July, 1907.

YOUR telegram *re* Wellington-Sydney connection received, but regret notice too short to commence service on Friday next. It would only give intending passengers three days' notice of alteration, and this would be too short to allow many of them to connect. Nor has our cargo-work been planned with this in view. With your consent we therefore propose commence service next week by Huddart-Parker's "Wimmera." Please wire approval, when we shall issue instructions to all ports.

[Suez Conn., 07/151.]

No. 25.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

(Telegram.)

Wellington, 16th July, 1907.

SORRY that weekly Friday sailing cannot commence this week. I only received definite authority yesterday, and telegraphed you immediately. As it is not possible to commence on Friday, I note that new arrangement will commence on 26th instant, and am advising our offices accordingly.

[Suez Conn., 07/156.]

No. 26.

The Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

(Telegram.)

Wellington, 16th July, 1907.

COMMENCING Friday, 26th, steamer sails Wellington to Sydney regularly Friday weekly, making close connection Suez. Inform Post Office.

[Suez Conn., 07/155.]

No. 27.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

(Telegram.)

Wellington, 16th July, 1907.

COMMENCING Friday, 26th instant, steamer from Wellington to Sydney will sail regularly every Friday, making close connection with Suez mail at Sydney weekly.

(Telegrams of similar text and date sent to Deputy Postmasters-General, Melbourne and Sydney.)

[Suez Conn., 07/154.]

No. 28.

The SECRETARY, General Post Office, Wellington, to the DEPUTY POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 17th July, 1907.

KINDLY telegraph weekly arrival Wellington-Sydney steamer commencing with arrival steamer leaving Wellington twenty-sixth July.

[Suez Conn., 07/160.]

No. 29.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

SIR,—

General Post Office, Wellington, 17th July, 1907.

I have the honour, by direction, to acknowledge the receipt of your letter of the 9th instant, proposing to despatch mails weekly on Friday from Wellington to Sydney to make a close connection with the Suez steamers, for a subsidy of £15,000 a year.

In reply, I have to inform you that the Hon. the Postmaster-General has been pleased to accept your terms and to agree to the conditions set out in your letter. The term of the service to be a twelvemonth from the 26th instant.

I confirm my telegrams of the 15th and 16th instant.

I have, &c.,

D. ROBERTSON, Secretary.

The General Manager,
Union Steam Ship Company of New Zealand (Limited), Dunedin.
[Suez Conn., 07/166.]

No. 30.

The Hon. the POSTMASTER-GENERAL to the PRESIDENT, Wellington Chamber of Commerce, Wellington.

SIR,—

General Post Office, Wellington, 22nd July, 1907.

I have the honour to refer to my telegram of the 28th January last [No. 183, F.-6, 1907] with respect to the representations of your Chamber on the subject of mail-communication with the United Kingdom.

I have now pleasure in informing you that arrangements have been made with the shipping companies concerned for a steamer to leave Wellington for Sydney on the Friday of each week, so as to insure a close connection at Sydney with the mails leaving that city on the following Tuesday for Europe *via* Suez. The new arrangement will come into force on the 26th instant.

I have, &c.,

The President, Chamber of Commerce, Wellington. J. G. WARD, Postmaster-General.
[Suez Conn., 07/165.]

No. 31.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

SIR,—

General Post Office, Wellington, 23rd July, 1907.

In connection with the departure on Fridays of the steamers from Wellington for Sydney, it would be a convenience if a regular hour of sailing could be advertised, as has for some time been done in the case of the Huddart-Parker steamers, which are advertised to sail at 4 p.m. Of course it is understood that the steamers may have to sail a little later than 4 p.m., but it would be desirable to make an arrangement which would leave it beyond a doubt that they would not sail before that hour.

Yours, &c.,

D. ROBERTSON, Secretary

C. Holdsworth, Esq., Union Steam Ship Company of New Zealand
(Limited), Dunedin.
[Suez Conn., 07/168.]

No. 32.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

SIR,—

Union Steam Ship Company of New Zealand (Limited),
Dunedin, 26th July, 1907.

I have to acknowledge your letter of the 23rd instant. We shall be glad to fix 4 p.m. as the hour of sailing of our steamers from Wellington to Sydney on Fridays. Of course, at times it may be necessary to make the departure later. Our experience has been that the "Monowai," which is perhaps the slowest of the steamers engaged in the running, has connected on each occasion.

Yours, &c.,

The Secretary, General Post Office, Wellington.
[Suez Conn., 07/172.]

C. HOLDSWORTH.

VANCOUVER SERVICE.

No. 33.

The COLONIAL POSTMASTER, Suva, Fiji, to the Hon. the POSTMASTER-GENERAL, Wellington.
 SIR,— General Post Office, Suva, 24th April, 1907.

I have the honour to acknowledge the receipt of your letter of the 8th instant [No. 222, F.-6, 1907], referring to mails for New Zealand arriving here by Vancouver steamer, and beg to inform you that your request will be complied with.

2. I must point out, however, that on the present time-tables it would delay the mails were they transhipped at Suva. The "Moana" is due on the 13th May, the first known chance to Auckland is by "Talune" on the 23rd May; it will therefore be seen that the mails should go on to Sydney.

I have, &c.,

H. ST. JULIAN,

Colonial Postmaster.

The Postmaster-General, Wellington.

[Van. Mis. 07/12.]

No. 34.

The SECRETARY, General Post Office, Wellington, to the COLONIAL POSTMASTER, Suva.

(Telegram.)

Wellington, 9th May, 1907.

Yours twenty-fourth ultimo. Transhipped Vancouver mails: Kindly send direct New Zealand or *via* Sydney, whichever affords best despatch.

[Van. Mis. 07/10.]

No. 35.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

SIR,—

General Post Office, Wellington, 9th May, 1907.

It is observed that this office has been paying to your Department the special rates of 12s. per pound for letters, 1s. per pound for books, and 6d. per pound for newspapers conveyed by steamers in the Vancouver service. This rate was apparently fixed at a time when Australian mails sent by way of San Francisco were paid for to this Department at similar rates.

I am not clear that there is now any reason for continuing special payments, and I should be obliged if you would examine the question, and inform me at your early convenience whether the usual Postal Union rates will in future be claimed for the service.

I have, &c.,

D. ROBERTSON, Secretary.

The Secretary, Postmaster-General's Department, Melbourne.

[P.O. 07/1068.]

No. 36.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

(Telegram.)

Wellington, 10th May, 1907.

HAVE you advice of arrival of steamer at Vancouver due yesterday? Reply urgent collect.

[Van. Mis., 07/15.]

No. 37.

The GENERAL MANAGER, Union Steam Ship Company, Dunedin, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 10th May, 1907.

"MANUKA" arrived Vancouver noon Wednesday. Would you like us advise you of these arrivals regularly?

[Van. Mis. 07/15.]

No. 38.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER, Union Steam Ship Company, Dunedin.

SIR,—

General Post Office, Wellington, 13th May, 1907.

I have the honour to confirm my telegram of the 10th instant, and to acknowledge the receipt of your reply of the same date.

I have to thank you for your offer to inform me regularly of the arrival of the Canadian-Australian mail-steamers at Vancouver, and shall be obliged if you will arrange to inform this office accordingly by "collect" telegram.

I have, &c.,

D. ROBERTSON, Secretary.

The General Manager,
Union Steam Ship Company of New Zealand (Limited), Dunedin.

[Van. Mis. 07/18.]

No. 39.

The SECRETARY, General Post Office, Wellington, to the COLONIAL POSTMASTER, Suva.

SIR,—

General Post Office, Wellington, 13th May, 1907.

In continuation of my letter of the 10th instant [not printed] about the proposal to tranship mails for this colony arriving at Suva by the Vancouver steamers, I shall be glad if you will add to the telegram to be sent to the Auckland Post-office when the mails are transhipped the word "direct" or "Sydney," which will be understood to mean the route by which the mails are despatched.

I have, &c.,

D. ROBERTSON, Secretary.

The Colonial Postmaster, Suva, Fiji.

[Van. Mis., 07/19.]

No. 40.

The SECRETARY, Postmaster-General's Department, Melbourne, to the SECRETARY, General Post Office, Wellington.

Commonwealth of Australia, Postmaster-General's Department, Melbourne,

SIR,—

25th May, 1907.

With reference to your letter of the 9th instant, relative to the question of the rates to be paid to this Department by your Administration in connection with New Zealand mails conveyed by steamers employed in the Vancouver service, I have the honour to inform you approval has been given for the acceptance, as from the 1st instant, of Postal Union rates for the sea transit of such mails by the vessels mentioned, and the Deputy Postmasters-General of the several States of the Commonwealth are being instructed accordingly.

I have, &c.,

ROBERT T. SCOTT, Secretary.

The Secretary, General Post Office, Wellington.

[P.O. 07/1063.]

No. 41.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

SIR,—

General Post Office, Wellington, 7th June, 1907.

I have the honour to acknowledge the receipt of, and to thank you for, your letter of the 25th ultimo, notifying that, in place of the special rates hitherto paid, your Department would claim, as from the 1st May, Postal Union rates only for the conveyance of New Zealand mail-matter by the steamers of the Vancouver service.

I have, &c.,

D. ROBERTSON, Secretary.

The Secretary, Postmaster-General's Department, Melbourne.

[P.O. 07/1063.]

No. 42.

The SECRETARY, General Post Office, Wellington, to the DEPUTY POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 21st June, 1907.

MAY Vancouver time-table be extended present intervals from ninth July?

[Van. Mis., 07/34.]

No. 43.

The DEPUTY POSTMASTER-GENERAL, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 24th June, 1907.

YOURS Vancouver time-table. Yes.

[Van. Mis. 07/36.]

MAIL-SERVICE VIA TEHUANTEPEC.

No. 44.

Mr. W. J. NAPIER, Auckland, to the Hon. the ACTING-POSTMASTER-GENERAL.

SIR,—

Auckland, 14th May, 1907.

In view of the cessation of the San Francisco mail-service, I desire to direct your attention to the possibility of establishing a new and more direct mail-service to England *via* Tehuantepec, Mexico. From information I gathered during a recent visit to the United States of America, I understand that by July next there will be a steamboat connection between the Hawaiian Islands and the Isthmus of Panama at Tehuantepec. A railroad has been constructed across the isthmus from the Pacific to the Atlantic side, and breakwaters have been constructed on both sides, enclosing harbours with a depth of 35 ft. at low water, spring tides. An English company, headed by Sir Weetman Pearson, the Liverpool engineer, holds the concession for the railroad and docks from the Mexican Government. There are excellent wharves, and on the Pacific side the sheltered deep-water harbour has an area of 90 acres. On the Atlantic side steamers are to connect at present with New York. If a steamer could be arranged for to take the New Zealand mails from the railway on the Atlantic side of the isthmus, the letters could be delivered in London in twenty-three days from Auckland.

The matter is one of such great importance to New Zealand that it will well repay your early attention. If a reasonable subsidy were given there would be no difficulty in getting steamboat connection with England from the Atlantic side, and we could easily send our mails to Honolulu to connect with the company's line from that port to Tehuantepec.

Trusting that you will favourably consider this proposal,

I have, &c.,

W. J. NAPIER.

The Hon. the Acting-Postmaster-General, Wellington.

[P.O. 07/237.]

No. 45.

The Hon. the ACTING-POSTMASTER-GENERAL, Wellington, to Mr. W. J. NAPIER, Auckland.

SIR,—

General Post Office, Wellington, 27th May, 1907.

I have the honour to refer to your letter of the 14th instant suggesting that the Tehuantepec route be used for the exchange of mails between New Zealand and the United Kingdom.

In reply, I have to thank you for the trouble you have taken, and to explain that the Post Office was already in possession of information about the Tehuantepec railway connection of the Pacific and the Atlantic. You may rest assured that the Department, when considering the scheme of ocean-mails, will not lose sight of the advantages attaching to the Tehuantepec route.

The latest information received by the Department appears to indicate that the steamers of the American-Hawaiian Steamship Company, which were to commence running in January of this year between Salina Cruz and Honolulu, proceed by way of San Francisco. If you have any later particulars about the actual route of the steamers I shall be pleased to hear from you.

I have, &c.,

J. G. FINDLAY,

Acting-Postmaster-General.

W. J. Napier, Esq., Auckland.

[P.O. 07/237.]

No. 46.

The HIGH COMMISSIONER to the Hon. the ACTING PRIME MINISTER.

SIR,—

Westminster Chambers, 13 Victoria Street, London, S.W., 19th April, 1907.

General Post Office.—Tehuantepec Mail-route Inquiry.

Referring to your letter of the 13th February last [No 261, F.—6, 1907], and to previous correspondence on the above subject, I have now to enclose copy of Consular Report No. 658, Mexico, issued from the Foreign Office this month, dealing further with the Tehuantepec Railway. The Tehuantepec National Railway Company, in furnishing this report, desire to draw special attention to the comparative table of distances given on pages 16 and 17.

The company have also issued the attached circular notifying that the name of "Coatzacoalcos" has been officially changed to "Puerto Mexico."

I have, &c.,

WALTER KENNAWAY,

For the High Commissioner.

The Hon. the Prime Minister, Wellington.

[P.O. 07/237.]

Enclosure 1 in No. 46.

DIPLOMATIC AND CONSULAR REPORTS. — MEXICO. — REPORT ON THE MEXICAN ISTHMUS (TEHUANTEPEC) RAILWAY.

(Presented to both Houses of Parliament by Command of His Majesty, April, 1907.)

Report on the Mexican Isthmus (Tehuantepec) Railway by Mr. W. Max Müller, Secretary to His Majesty's Legation at Mexico.

In the first month of the present year a new factor entered into the handling of transcontinental traffic between the Atlantic and Pacific Oceans. The Tehuantepec National Railway—or the Mexican Isthmus Railway, as it is officially called—and the terminal harbours of Coatzacoalcos and Salina Cruz were thrown open to commerce, and the first real test of this ocean-to-ocean highway was begun. Should this test be successful—and there can be no reason for doubting its success—this route may well become the most favoured of all transcontinental lines.

I had left Mexico before the public inauguration, but shortly before I had the advantage of accompanying Mr. Body, the managing director in the country of the firm of Messrs. Pearson and Son, on one of his periodical inspection trips of the railway and of the terminal ports of Salina Cruz and Coatzacoalcos.

To my mind this railway connecting the two oceans is the most important British enterprise in Mexico, and is likely not only to prove of great benefit to the country itself, but also to influence the highways of the commerce of the entire world. Under these circumstances a short report on the subject of the Tehuantepec Railway and the two terminal ports may perhaps prove of interest.

The Isthmus of Tehuantepec proper lies between the parallels of latitude 16° and 18° north, and the meridians of longitude 94° and 96° west. The Coatzacoalcos River, which rises at the foothills of the Sierra Madre, empties into the Gulf of Mexico, and at its mouth a natural harbour is formed, which is obstructed by a bar. On the Pacific coast at Salina Cruz there is no natural shelter—nothing but an open ocean roadstead. The Tehuantepec Railway joins these two points. As the bird flies, it is about 125 miles across the isthmus from ocean to ocean, but by the route which the railway is compelled to follow the distance is 190 miles. With the exception of the Panama Railroad, it is the shortest transcontinental route.

From the very earliest times the advantages of the isthmus as a line of communication between the two oceans would appear to have appealed to the minds of travellers and explorers. Hernan Cortes, who ascended the River Coatzacoalcos in the hopes of finding a waterway to the East Indies, declared in a report that the isthmus must in time become the great highway of the world's transcontinental commerce. Humboldt designated the Isthmus of Tehuantepec as the "bridge of the world's commerce."

The actual project of constructing some line of communication across the isthmus dates back nearly half a century. Long before Captain James Eads planned his ship-railway across the isthmus, attempts were made both at building ordinary railroads and at digging a canal. From 1857 until 1882 various concessions were granted, generally to American citizens or corporations, and were invariably forfeited owing to the inability of the concessionnaires to fulfil their obligations. In 1882 the Mexican Government determined to build the railway themselves, and entered into a contract with Mr. Delfin Sanchez for the construction of the road. This arrangement also proved unsatisfactory and in 1888 it was rescinded, but on advantageous terms for Mr. Sanchez, who received \$562,910 for material and work done and \$170,224 as indemnity for the profits that he would have made. About sixty-seven miles of railway were now completed.

In 1888 a loan of £2,700,000, carrying 5 per cent. interest, and guaranteed by a mortgage on the railway property, was issued in London, Berlin, and Amsterdam. The syndicated bankers bought the loan at about 70 per cent. The proceeds of the loan were to be devoted to the construction of the Tehuantepec Railway. As a consequence of this loan a contract was made in 1888 with Colonel McMurdo, who will be remembered as the concessionnaire of the Lorenzo Marquez Railway, for the reconstruction of the sixty-seven miles of the line, which previous concessionnaires had built in a hurried and unsatisfactory manner, as well as the completion of the line, some 142 miles more. The contractor, who had at his disposal the entire proceeds of the above loan, undertook to finish the work in thirty months, but in 1890 he died, and the Government rescinded the contract, in agreement with Mrs. McMurdo, the Colonel's widow.

The contract was then let to J. H. Hampson, Chandos S. Stanhope, and E. L. Corthell, who, under date of February, 1892, undertook to commence construction not later than one month from that date, and to complete the line in fifteen months counted from the inception of the work. The funds provided for the purpose from the loan of £2,700,000 proved insufficient, however, and the contract was cancelled by mutual agreement.

In December, 1893, a fresh contract was entered into with Chandos S. Stanhope for the construction of the thirty-seven miles then remaining to be completed, Mr. Stanhope undertaking to complete his work by September 6, 1894, receiving as contract price the sum of \$1,113,035.

The railroad was actually completed from ocean to ocean in 1894, but no sooner was that done than defects in construction, as well as want of suitable harbour facilities on both the Gulf and Pacific coasts, made it necessary to begin work over again.

Much remained to be done in order to adapt the line to heavy traffic, and, recognising that in its then condition the railway was to all intents and purposes a valueless property, the Mexican Government began to devise means for rendering the line of some practical utility as a route for transcontinental traffic. With this object in view they entered into negotiations with the firm of S. Pearson and Son (Limited), whose head, Sir Weetman Pearson, had already gained a great name in Mexico through the successful construction of the drainage canal of the Valley of Mexico and of the port works at Vera Cruz.

The outcome of these negotiations was a series of contracts between the Mexican Government and the firm of S. Pearson and Son. The first contracts were concluded in 1898 and 1899, and dealt with the improvement and administration of the railway and the construction of the two terminal ports. These contracts were modified and extended in 1902, when the Mexican Government entered into a partnership agreement with the British firm for the joint exploitation of the railway. This final contract was concluded in May, 1902, and approved by Presidential decree of June 4 of the same year, with modifications arranged on May 20, 1904, and approved by decree of May 31, 1904.

Under these various contracts the firm of S. Pearson and Son enjoyed, so to speak, a dual character, *vis-à-vis* the Mexican Government—*viz.*, of contractors for the construction of the two harbours, and of partners in the exploitation of the railway and the ports when completed. This is, I believe, the first instance on record where a national Government have taken a private firm into partnership, and speaks volumes for the high reputation for efficiency and integrity which Sir Weetman Pearson had acquired in his earlier dealings with the Mexican Government.

The first contract for the construction of the ports and the administration of the railway had been entered into in April, 1898, but work had not actually been begun until December 16, 1899. The cost of the improvement of the railway, which finally involved its practical reconstruction, has been borne entirely by the Mexican Government, the actual work being carried out by the Pearson firm, not as contractors, but as agents—*i.e.*, at cost price. The Government made a first appropriation of £800,000, and in 1901 a further appropriation of £500,000, and up to date have certainly spent not less than £1,500,000 in bringing the railroad to its present efficient state.

The original agreement with Messrs. S. Pearson and Son also gave them the contract for the construction of the ports of Salina Cruz and Coatzacoalcos, and the specifications contained therein have been in general adhered to with such slight alterations as have proved necessary with the progress of the works—*e.g.*, the construction of a second breakwater at Salina Cruz. No general contract price was fixed for the whole works, only a schedule of prices of units of work was adopted. The Mexican Government continued to advance sums from the reserve fund of the Treasury as the work of construction progressed. In fact, it was not till June of last year that the Government fixed a limit to the expenditure that they were prepared to incur on the two ports—*i.e.*, £6,500,000. This last, however, can hardly be called a contract price, as Sir Weetman Pearson refused on his side to enter any agreement to finish the works according to the accepted plans for that amount.

On December 10, 1906, Señor Limantour requested Congress to authorise a further appropriation of \$20,000,000 for the works at the two ports, and on that occasion he made the following remarks in regard to the capital outlay on their construction:—

“The contracts, which are being executed in the ports of Salina Cruz and Coatzacoalcos, were signed five years ago and involve the expenditure of more than \$65,000,000. Of the \$65,000,000 of works which are included in existing contracts there have already been finished works to the value of nearly \$40,000,000; so that of the authorisations which have been solicited from this Chamber at different times all the available money has been employed in prosecuting the work at these ports in order that the large lines of steamers might have absolutely perfect service.

“There remains to be expended \$25,000,000, more or less, and of this sum we ask of you \$20,000,000 out of the Treasury Reserve.”

As the works have progressed certain additional constructions have proved necessary—at present, for instance, the jetties of Coatzacoalcos are being lengthened, so that before the work of construction at both ports is entirely concluded the estimate of £6,500,000 is sure to be exceeded.

Under the terms of the contracts of May 16, 1902, and May 20, 1904, Messrs. S. Pearson and Son (Limited) entered into a contract of partnership with the Mexican Government for the purpose of exploiting the Tehuantepec Railway and the ports of Coatzacoalcos and Salina Cruz, such partnership to be called the Tehuantepec National Railway Company. The agreement holds good for a period of fifty-one years, commencing July 1, 1902. The corporate working capital was \$7,000,000, to be furnished in equal shares by the two partners, whereof each of the partners has paid in \$1,000,000; the balance, until the sum of \$7,000,000 shall have been completed, is to be paid up as and when required. This capital cannot be used for the improvement of the railway, but merely for running and operating expenses.

Messrs. S. Pearson and Son were, under the terms of the contract, to be the administrators or managers of the corporate property: “To administrate all the business connected with the partnership; to make use of the corporate signature and to represent the railway company in all matters and business of whatsoever nature they may be; together with all the rights conferred by this contract and the obligations which it imposes.”

The Mexican Government merely retained the right of inspecting the material and technical part of the railway and ports, as well as all matters relating to the administration and book-keeping. Plans of new works and periodical statements of accounts were to be submitted for the

approval of the Ministry of Communications. The railway company bound itself to maintain the railway and ports in good condition, effecting ordinary repairs and replacing works, materials, and machinery destroyed by use, and to return them to the Mexican Government in good condition at the expiration of the contract.

The annual earnings were to be apportioned as follows:—

- (1.) Payment of the operating expenses, maintenance of track, &c., and formation of a reserve fund for repairs.
- (2.) Payment of interest on loans.
- (3.) Payment to the two partners of an interest of 5 per cent. on the capital furnished by them.
- (4.) Refundment of losses in previous years which had been charged to capital.
- (5.) Payment of interest of 5 per cent. per annum after seven years on the capital devoted to the Coatzacoalcos port works for the special purpose of securing an additional depth of 1 meter over the 9 meters originally projected, making 33 ft. in all.
- (6.) The surplus to be divisible between the Government and the contractors as follows: During the first thirty-six years, 65 per cent. to the Government and 35 per cent. to the contractors; during the next five years, 68½ per cent. to the Government and the balance to the contractors; during the next five years, 72½ per cent. to the Government and the balance to the contractors; and in the last five years, 76½ per cent. to the Government and the balance to the contractors.

In May, 1904, the railway company, duly authorised by the Mexican Government, issued a loan of £1,250,000 at 5 per cent., guaranteed on the proceeds of the roads and ports. This loan was taken by the Dresdener Bank, and, together with a later issue of £175,000, was used to reimburse the Government and Messrs. Pearson and Son the advances they had made for the construction of the road. The railway company is authorised to increase the amount of its loans to £2,000,000 if necessary.

It is calculated that since the first work was done on the Tehuantepec route about £10,000,000 have been expended, and before the harbour-works are perfected about £1,000,000 will probably have to be expended in addition to the £2,000,000 just appropriated by Congress, making a total capital expenditure on the railway and ports of about £13,000,000.

The work both on the railway and at the ports seems, so far as an amateur can judge, to have been carried out with the thoroughness that characterizes the enterprises of Messrs. S. Pearson and Son. The works at the ports were, at the time of my visit, not yet completed, though they were sufficiently advanced to permit of the commencement of the interoceanic traffic. The railway, however, was practically completed, with the exception of a few deviations, and it certainly was a delightful sensation to be rushing through the tropical forest at a rate which sometimes exceeded fifty-six miles per hour, and so smoothly that even during meals one was not incommoded by the speed. I wish travellers could experience such a sensation on the other lines of Mexico.

Many difficulties were encountered by the contractors in the initial periods of the reconstruction of the railway, arising chiefly from the heavy rainfall during the rainy season, the exuberant vegetation, and other tropical conditions, and also on account of the difficulty in obtaining labour, caused principally by the fears of yellow fever. These difficulties have now been triumphantly overcome, and the railroad is in excellent structural condition, with a good roadbed of rock ballast and new steel bridges, and the management appears to be thoroughly capable and efficient. In the reconstruction of the road many of the heaviest gradients have been reduced and the curves eliminated, and this work was still proceeding when I was on the isthmus.

The engineering conditions for the railway-construction require a gradual ascent from the mouth of the Coatzacoalcos River, crossing many affluents of that river till the Cordillera of the Sierra Madre is reached. There is a depression at the Jaltepec River, seventy-nine miles from Coatzacoalcos. This river is spanned by a steel bridge of six spans, 560 ft. in length. Between this point and the Atlantic the gradients are about 60 ft. to the mile. The real gradient, however, may be said to begin at the point known as Santa Lucrecia, where the Jaltepec River is crossed. The Malatengo Canyon is entered about thirty-eight miles beyond Santa Lucrecia. Here the route is through rock cuts and chasms, which are bridged, gradually climbing upward to Rincon Antonio, where the railway company has established its yard and shops. A short distance beyond Rincon Antonio the Chivela Pass is entered, and crossed at a height of 735 ft. above sea-level. At Chivela the construction of two horseshoe curves and one tunnel was necessary. From this, the highest point, the descent to the Pacific is abrupt, and the steepest gradients are encountered. Through the Chivela Pass the gradients reach 116 ft. to the mile. On the Pacific slope the route follows for some distance the course of the Tehuantepec River, but leaves it before the terminus of Salina Cruz is reached.

The main line, which, as I have said, is 190 miles long, is supplemented by a branch about eighteen miles long connecting Juile and San Juan Evangelista.

At Santa Lucrecia connection is made with the Vera Cruz and Pacific Railroad, over which trains run to Vera Cruz and Cordoba on the Mexican Railway, thus giving uninterrupted access to Mexico City and all parts of the Republic, and also to the United States. At San Geronimo is the junction with the new Pan-American line, which will give, in the future, direct railway access to the Republics of Central America.

The equipment of the Tehuantepec road is of the most modern description. The gauge is of the standard one of 4 ft. 8½ in.; the numerous bridges are of steel, with solid masonry abutments; culverts of adequate capacity have been put in wherever required in solid masonry; nearly the entire road is now laid with 80 lb. rails, and is ballasted with crushed rock or gravel; the ties are of creosoted pine, native hardwood, and California redwood, and are provided with heavy steel tie-plates.

One of the many problems which had to be solved was presented by the luxuriant vegetation, which, if left to itself, would soon overgrow the track and stop the trains. Manual labour is constantly employed to remove the rapid growth, and figures for a considerable sum in the annual maintenance of the road; but in addition the company has to make use of an ingenious device for sprinkling the roadbed with crude oil, heated to 210° Fahr., from their oilfields on the Coachapa River, a tributary of the Coatzacoalcos, which destroys even the roots of the plants, and has the additional advantage of laying the dust, thus adding to the comfort of travelling in a hot climate.

The Tehuantepec route will at first be worked with a single track, and it is calculated that ten freight trains, carrying 300 tons net, can be despatched in each direction every twenty-four hours. It is claimed that freight can be transferred across the isthmus within thirty hours after a vessel enters the harbour at the other terminus, and the company promise a freight-train service of twelve hours from ocean to ocean. If, however, the movement of freight proves to be as great as is expected, the line will doubtless shortly have to be double-tracked.

The rolling-stock is of the most substantial and modern description, and is more numerous in proportion to the mileage of the line than that of any other railway in the republic; but, nevertheless, provision has been made for further increase in the equipment, if the needs of the traffic require it.

The following is a statement of the rolling-stock at present in use, or ready for use, and an increase of 20 per cent. is actually on order:—

| | Number. |
|-------------------|---------|
| Engines | 40 |
| Passenger-coaches | 35 |
| Private cars | 5 |
| Baggage-cars | 10 |
| Box cars | 1,250 |
| Flat cars | 120 |
| Stock-cars | 60 |
| Tank-cars | 15 |
| Guards' vans | 21 |

All the locomotives burn oil fuel, which is at present imported from Texas in tank-steamers, and unloaded into three large storage-tanks at Coatzacoalcos, each with a capacity of 6,000 tons. Very shortly, however, Messrs. S. Pearson and Son's oilfields at San Cristobal on the Coachapa will be in a position to supply oil. A pipe-line is already laid from the oilfields to the refinery now building at Minatitlan, a distance of twenty miles, and a track-line is being laid direct from Minatitlan to a point on the main railroad eighteen miles from Coatzacoalcos. This will enable the oil to be delivered to the engines cheaply and expeditiously; but the consumption of oil fuel in the locomotives, besides the advantage for the company, has a great advantage for the persons travelling by the line in the freedom from smoke and coaldust, as any one who has travelled behind an oil-burning engine will know.

The box cars have a very ingenious arrangement for expediting the loading and unloading of freight at the wharves. The roofs are so constructed that about one-half can be pulled back and the loads can be lifted by the cranes direct from the hold of the ship, and dropped into the interior of the car, and *vice versa*.

The general offices and shops, company's hospital, &c., are established at Rincon Antonio, a healthy spot at an elevation of 900 ft., and at a distance of 125 miles from Coatzacoalcos. The climate there is pleasant and salubrious, and the heat is tempered by the winds that are constantly blowing across the isthmus. The general offices are quite a model in their way, and are especially adapted for the heat of the tropics. The shops are equipped with the most modern machinery and appliances for every possible repair to the rolling-stock and engines in use on the line. Here, as at Salina Cruz and Coatzacoalcos, every bit of machinery is direct-driven by electricity, generated by a steam plant, crude oil being used for fuel. Here, as at all other places where Messrs. S. Pearson and Son have large works, every care has been taken to make life as agreeable and homelike as possible to the officers and employees. Comfortable modern houses have been erected for the general manager and superior officials, whilst the subordinate officials are lodged in excellent staff-houses. A commodious clubhouse has been built, and quarters provided for a Catholic chapel and a Masonic lodge. Special attention has been given to the question of a pure and abundant water-supply.

As I before said, the two terminal ports are still far from being completed, though the works at both ends are sufficiently advanced to admit of the entrance of large ships and of the speedy handling of freight.

At Coatzacoalcos little remains to be done beyond deeper dredging of the channel on the bar, and the building of further wharves and warehouses; but at Salina Cruz there is still much to be done in dredging out more space in the inner harbour, building wharves and warehouses, and finishing the dry dock. The last bit of work on the harbours will probably not be done before 1909.

At its mouth the Coatzacoalcos River is 2,000 ft. wide, and forms a natural harbour of almost unlimited capacity, with an average depth of 50 ft. The problem, therefore, which the engineers in charge of the port works had to solve was merely the removal of the bar in order to prevent it from forming anew. This has been met by following the plan adopted at the mouth of the Mississippi and at Tampico. Two converging jetties have been built, extending from the mouth of the river into the sea, so as to confine the current within as narrow limits as possible, and compel it to scour the channel across the bar. These jetties are each over 4,000 ft. long, and built of rock and rubble; both are practically completed with the exception of the protecting blocks at the extremities. The normal bar is 14 ft. on the crest, and the channel is to be 33 ft. deep and 656 ft.

wide. The current having proved rather slower in scouring out the channel than was anticipated, and it being necessary to attain a proper depth before the transcontinental traffic could be successfully inaugurated, the work of the current has lately been supplemented by two dredgers.

The harbour at Coatzacoalcos, as well as that at Salina Cruz, will have a depth of 33 ft. at low water.

At Coatzacoalcos, as at Salina Cruz, elaborate preparations have been made for the expeditious handling of freight. The total frontage of the wharfage will extend 1 kilom. (five-eighths of a mile). There will be eight steel wharves, 136 yards long, and eight iron warehouses, 136 yards long by 36 yards wide, each with a holding-capacity of 6,000 tons; four of these are already completed, and two are under construction. There is also a timber wharf 216 yards long. Each ship loading or unloading will occupy a separate wharf. All the quays are provided with travelling electric cranes of great power, four to each wharf, with a reach from vessels to warehouses or cars of 86 ft., and with numerous capstans. An electric plant of 1,500 kilowatts furnishes the necessary energy for the crane and capstans, and for other purposes. Warehouses and cars are equipped with removable roofs to permit the handling of freight in a single operation, working the cranes directly between the vessels and the cars or warehouses.

At Salina Cruz, on the Pacific, the engineering problem was much more serious than on the Gulf. The "northers" which sweep across the isthmus beat the surf out to sea, and, since there is no natural shelter, it was necessary to construct both an outer or refuge harbour and an inner harbour with wharves and dry dock. Enormous breakwaters have been built far out into the sea, ending in a depth of 70 ft., with the convex side turned seaward, and form the outer harbour. The entrance to this harbour is 656 ft. across. The east breakwater is 1 kilom. (five-eighths of a mile) long. It extends out for 1,200 ft. in a straight line from the shore, then bends for 825 ft. in a curve with a radius of about 1,900 ft., and then continues in a straight line for about 1,235 ft. The west breakwater is about 1,900 ft. long, extending in a straight line for 850 ft., and then curving for about 370 ft. on a radius of 325 ft., and continuing in a straight line for 680 ft. The method of construction adopted for the breakwaters is as follows: A rubble foundation is laid up to 33 ft. below low water, 87 yards wide at the base and gradually narrowing to 54 yards at the top. On this foundation huge blocks of concrete or rocks weighing up to 40 tons are dropped at random from steam cranes. Then a smooth surface is made, and on it are placed two rows of concrete blocks of 50 tons weight; they are carefully fitted together and have a joint width of 33 ft. by 6½ ft. high. On the surface thus formed, which is about 18 ft. above low water, a stone parapet will be built 19½ ft. wide by 6½ ft. high. The outer harbour thus formed covers an area of something like 150 acres.

Across the rear of the protected area a line of wharfage extends opening into the interior basin. On this line of wharfage there will be six steel warehouses similar in all respects to those at Coatzacoalcos, equipped with similar electric cranes and capstans, and driven from a generating plant of 1,500 kilowatts. Four of the warehouses are already completed.

The inner harbour is the result of dredging, and will eventually be 3,280 ft. long by 925 ft. wide, with a depth of water alongside the wharves of 33 ft. More than half of this inner harbour is now dug out, and for the next two years dredges will be removing the remaining portion of the basin. The entrance from the outer to the inner harbour will be 100 ft. wide, and will be spanned by two swing bridges.

The outer wall of the inner harbour, which is to form the wharves, is a most ingenious bit of engineering. As there was no solid foundation to build on, the following device was adopted. Enormous concrete monoliths, with three large holes, are built on the sand. Through these holes, which are large enough to contain several men, the sand and mud is gradually dug up, partly by suction and partly by manual labour. When the concrete monolith is sunk sufficiently deep another similar section is made *in situ* upon it, and a similar process is gone through. Before the wharf can be built a foundation of these monoliths will be laid to a depth of 65 ft., and the holes and interstices filled up with concrete after the monoliths have been sunk to their final destination. The whole will be backed up with masonry and form a wharf 76 yards wide.

At both Coatzacoalcos and Salina Cruz, in addition to the berths at the quays, provision has been made for additional slips, and at Salina Cruz one of the finest dry docks in the world, and to-day the largest on the Pacific coast, is being built. This will be 610 ft. by 89 ft., with a depth on sill at low water of 28 ft.

The trackage at both Coatzacoalcos and Salina Cruz includes many miles of lines, twenty-six miles at the former and twenty-two miles at the latter port, and the arrangement is such that there can be but little difficulty in handling freight and shunting cars.

At Coatzacoalcos an old town already existed, but this is being modernised, with every attention to hygiene. Large offices have been built on the river-bank, and houses have been built on the hill for the staff and employees. The pestilential fever-breeding swamps, which rendered Coatzacoalcos a hotbed of yellow fever and other diseases, have been almost entirely filled in.

At Salina Cruz there was nothing but a small Indian village on the site now occupied by the railroad works. A new town has been laid out on higher and more healthy ground, in accordance with modern ideas and sanitary principles, and adequate provision has been made here, as at Rincon Antonio and at Coatzacoalcos, for the comfort and welfare of officers and workmen.

It will be seen that preparations have been made for handling this Mexican isthmus route as an essentially transcontinental freight proposition, though the local business, both passenger and freight, is no negligible quantity. When I was on the isthmus the company was handling a large volume of local freight, and the two passenger-trains it was working seemed to be well filled.

However, the principal object of the line is to serve as a connecting-link between ships on the Atlantic and ships on the Pacific, and it is to be anticipated that the principal trans-Atlantic and

trans-Pacific steamship companies will avail themselves of the facilities offered for this purpose. Already one contract has been entered into with the American-Hawaiian Steamship Company for the carrying of sugar from Hawaii to New York.

From the commencement of the present year this company abandoned the route to the Far East *via* the Straits of Magellan, and began a regular service between New York, Hawaii, and the Far East, *via* the Mexican isthmus route. At first, it is stated, there will be a monthly service between Salina Cruz and the Far East, a ten-day service between Salina Cruz and Hawaii, calling at San Francisco on the way out, and a weekly service between Coatzacoalcos, New Orleans, Philadelphia, and New York. If the needs of the traffic require it, these services will be proportionately increased. As at present arranged, six 12,000-ton ships will be used on the Far East and Honolulu lines, and four 8,000-ton ships on the Atlantic line, while smaller vessels of 6,000 tons will be used for a coast service between Salina Cruz, San Diego, San Francisco, Seattle, and Vancouver. The above arrangements are provisional, and I only give the information for what it is worth, and would beg that persons desiring to make practical use of this line would not place too much reliance on them, but would make inquiries at headquarters.

At the present time the joint service established by the Leyland and Harrison Lines makes three calls a month at Coatzacoalcos. The Cuban Steamship Company (Cayo Line) calls every three weeks, and the Canadian Steamship Line once or twice a month. The Mexican Navigation Company already touches there, and it is probable that the Royal Mail Steamship Navigation Company and the German and French lines, which have a service between European and Mexican ports, may also find it profitable to call at Coatzacoalcos. Besides this, no doubt, tramp steamers will touch there in increased numbers.

At Salina Cruz, besides the ships of the American-Hawaiian Company, the following lines will have a regular service: The Pacific Steam Navigation Company, twice a month; the new Canadian Line from Vancouver, once a month; the German Kosmos Line, once a month. It is also understood that there will be a more regular service between Australian ports and Salina Cruz by the vessels which bring coal. The Pacific Mail Company is reported to have the intention of making regular callings at Salina Cruz in its San Francisco to Panama service, but as this line is controlled by the interests governing the transcontinental service of the Southern Pacific Railroad, there is at present some doubt as to whether their ships will really make Salina Cruz a port of call.

It is believed that other steamship companies now running vessels *via* the Cape Horn, Panama, and the Suez Canal routes will divert some of their ships to the Mexican isthmus route if the facilities for handling freight prove as efficient and expeditious as anticipated. How much of Asiatic commerce and how much of European shipments to Asia will go by this route still remains to be seen, but there is little doubt of the capacity of the Tehuantepec Railway to command a sufficient share, at least, of what the other routes have been enjoying.

At the beginning of my report I stated that the opening of the Tehuantepec National Railway to transcontinental traffic would be likely to influence the highways of the world's commerce, and I will now add a few words in explanation of this statement. The geographical effects of the line upon commerce are easily measurable. It will compete under advantageous conditions for traffic between European and American ports on the Atlantic on the one hand, and ports in the Far East and Australasia and on the Pacific coast of the American Continent on the other. This traffic is now moving by vessels round Cape Horn, or through the Straits of Magellan, or by the Suez Canal, or by land over the transcontinental lines of North America. The officials of the company informed me that they were already assured of 600,000 tons of freight for the year 1907, and had over 1,000,000 tons in sight for 1908. In fact the prospects of freight were so large that they were afraid to properly advertise their route for fear of not being able to comply with the demands of the traffic.

Mr. John F. Wallace, former chief engineer of the Panama Canal, in giving evidence before the United States Senate Committee of Interoceanic Canals, made the following statements as to the advantages of the Tehuantepec route over the Panama route:—

"I do not think that you can overappreciate the importance of protecting our future trade by heading off the possible development of the route by way of Tehuantepec. It goes without saying that it is much easier to hold a line of traffic than to get it away from somebody else after they get it once. I do not think that there are very many people that appreciate what the Tehuantepec route means if they get it established once.

"The Tehuantepec route to all Pacific ports of the United States, the Orient and Australasia is much shorter than the Panama route. The distance from New York to Hong Kong, for instance, by way of the Tehuantepec Railway is 1,351 miles nearer than by way of Panama. Freights are worth on an average \$1 per ton for 1,000 miles. That means that the Tehuantepec route would be \$1 35c. plus the rate over the railroad, which, say, might be \$2 or \$3 a ton—granting it is about \$3 now—which would make it \$4 35c. a ton. Any less sum than that could be charged by the Tehuantepec Railroad, and make money out of it, and also save five days in time.

"The distance from New York to San Francisco by that line is about 1,200 miles shorter than by way of Panama. There you have \$1 20c., plus the toll across the isthmus of \$3, or whatever it will be, and the saving in time of about four or five days. That holds good all through here—I mean in varying proportions—but they have the advantage. That is partly, of course, compensated by the fact that they have 175 miles to haul the stuff, and it will cost them the same to handle their stuff on the wharves that it does at Panama and Colon, and it will cost them about three times as much to handle it over the railroad, providing, of course, the Panama road is rebuilt and re-equipped. And there is a reverse advantage to us in that fact, which we can overcome by a low flat charge at Panama now, if we fix it up, and we can keep the business for a less cost than we can ever get it back again."

Mr. Wallace attached such importance to the competition of the Tehuantepec Railroad and the probable diversion of traffic from the Panama route that he even urged the operation of the Panama Railway at a loss during the period of the construction of the canal.

The following table of comparative distances of the various routes from the principal ports of Europe and the United States to ports on the Pacific shows that in every case the advantage in point of distance lies with the Tehuantepec route:—

| Route from | Total Distance. | Excess over Tehuantepec Route. |
|--|-----------------|--------------------------------|
| | Miles. | Miles. |
| New York to Hong Kong, <i>via</i> — | | |
| Cape Horn | 20,379 | 8,777 |
| Cape of Good Hope | 16,945 | 5,343 |
| Suez Canal | 13,596 | 1,994 |
| Panama Railroad | 12,953 | 1,351 |
| Isthmus of Tehuantepec | 11,602 | ... |
| New York to Yokohama, <i>via</i> — | | |
| Cape Horn | 19,802 | 9,796 |
| Cape of Good Hope | 18,085 | 8,079 |
| Suez Canal | 15,527 | 5,531 |
| Panama Railroad | 11,256 | 1,250 |
| Isthmus of Tehuantepec | 10,006 | ... |
| New York to Auckland, New Zealand, <i>via</i> — | | |
| Suez Canal | 16,871 | 7,447 |
| Cape of Good Hope | 16,719 | 7,295 |
| Cape Horn | 13,890 | 4,466 |
| Panama Railroad | 10,305 | 881 |
| Isthmus of Tehuantepec | 9,424 | ... |
| New York to Melbourne, <i>via</i> — | | |
| Cape Horn | 15,215 | 4,150 |
| Suez Canal | 15,171 | 4,106 |
| Cape of Good Hope | 15,019 | 3,954 |
| Isthmus of Tehuantepec | 11,065 | ... |
| New York to Honolulu, <i>via</i> — | | |
| Cape Horn | 15,826 | 9,163 |
| Panama Railroad | 7,939 | 1,276 |
| Isthmus of Tehuantepec | 6,663 | ... |
| New York to San Francisco, <i>via</i> — | | |
| Cape Horn | 15,687 | 10,797 |
| Panama Railroad | 6,063 | 1,173 |
| Isthmus of Tehuantepec | 4,890 | ... |
| Liverpool to Hong Kong, <i>via</i> — | | |
| Cape Horn | 20,606 | 5,353 |
| Panama Railroad | 16,471 | 1,218 |
| Cape of Good Hope | 15,722 | 469 |
| Isthmus of Tehuantepec | 15,253 | ... |
| Liverpool to Yokohama, <i>via</i> — | | |
| Cape Horn | 19,400 | 5,945 |
| Cape of Good Hope | 17,653 | 4,198 |
| Panama Railroad | 14,540 | 1,085 |
| Isthmus of Tehuantepec | 13,455 | ... |
| Liverpool to Auckland, New Zealand, <i>via</i> — | | |
| Cape of Good Hope | 16,221 | 3,412 |
| Suez Canal | 14,645 | 1,836 |
| Cape Horn | 13,897 | 1,088 |
| Panama Railroad | 13,312 | 503 |
| Isthmus of Tehuantepec | 12,809 | ... |
| Liverpool to San Francisco, <i>via</i> — | | |
| Cape Horn | 16,552 | 8,276 |
| Panama Railroad | 8,885 | 609 |
| Isthmus of Tehuantepec | 8,276 | ... |
| New Orleans to Hong Kong, <i>via</i> — | | |
| Cape Horn | 20,804 | 10,531 |
| Cape of Good Hope | 17,845 | 7,572 |
| Suez Canal | 15,108 | 4,835 |
| Panama Railroad | 12,308 | 2,035 |
| Isthmus of Tehuantepec | 10,273 | ... |
| New Orleans to Yokohama, <i>via</i> — | | |
| Cape Horn | 20,227 | 11,590 |
| Cape of Good Hope | 18,625 | 9,988 |
| Suez Canal | 17,039 | 8,402 |
| Panama Railroad | 10,611 | 1,974 |
| Isthmus of Tehuantepec | 8,637 | ... |

| | | | |
|--|-----|--------|--------|
| New Orleans to Auckland, New Zealand, <i>via</i> — | | | |
| Suez Canal | ... | 18,381 | 10,286 |
| Cape of Good Hope | ... | 17,259 | 9,164 |
| Cape Horn | ... | 14,314 | 6,219 |
| Panama Railroad | ... | 9,659 | 1,564 |
| Isthmus of Tehuantepec | ... | 8,095 | ... |
| New Orleans to Melbourne, <i>via</i> — | | | |
| Suez Canal | ... | 16,683 | 6,947 |
| Cape Horn | ... | 15,640 | 5,904 |
| Cape of Good Hope | ... | 15,560 | 5,824 |
| Panama Railroad | ... | 11,181 | 1,445 |
| Isthmus of Tehuantepec | ... | 9,736 | ... |
| New Orleans to Honolulu, <i>via</i> — | | | |
| Cape Horn | ... | 16,251 | 10,917 |
| Panama Railroad | ... | 7,294 | 1,960 |
| Isthmus of Tehuantepec | ... | 5,334 | ... |
| New Orleans to San Francisco, <i>via</i> — | | | |
| Cape Horn | ... | 16,112 | 12,551 |
| Panama Railroad | ... | 5,418 | 1,857 |
| Isthmus of Tehuantepec | ... | 3,561 | ... |

The average saving in distance by the Tehuantepec route over Panama to all places on the Atlantic coast of the United States and Europe is, say, about 1,250 miles. The ordinary freight-steamer makes about ten miles an hour, or, say, 250 miles a day, requiring five days longer *via* Panama, assuming the time of crossing the two isthmuses to be the same. It will take a steamer about one day to pass through the Panama Canal and the freight about two days to pass over Tehuantepec from ship to ship, leaving still four days to the advantage of Tehuantepec. The extra cost of the four days to a steamer, say, \$2,000 plus the canal tolls, would make a 5,000-ton cargo about \$10,000 *via* Panama. No doubt the cost *via* Tehuantepec would be no greater—as a matter of fact it would certainly be less—and there would be the saving in time of four days, which, to quick freight, is of great importance in this age of rapid transportation.

The same holds good for distances from New York to places in the Far East and Australia as compared with the route *via* the Suez Canal, but I will not go into this question in further detail, as a glance at the comparative list of distances given above will go further to prove the geographical advantages of the Tehuantepec route than any words of mine.

One immediate commercial effect of the opening of this route will be the diversion of several hundred thousand tons of sugar at present shipped by the Cape Horn route from Hawaii to Atlantic ports on the ships of the American-Hawaiian Steamship Company. Mr. Body informs me that his company guarantee 6 per cent. interest on the value of these shipments of sugar from Hawaii for every day over thirty days from Hawaii to New York or Philadelphia.

Another effect will be a readjustment of ocean and transcontinental freight rates owing to the opening of a shorter and cheaper route. This will especially affect all the railroads in the United States and in Canada which participate in transcontinental traffic.

The opening-up of this route will be of special benefit to the middle west of the United States, and will offer advantages over all others for traffic between places in the Mississippi Valley *via* the Gulf ports of New Orleans, Galveston, &c., and the United States, Mexican, Central American, and South American ports on the Pacific Ocean.

The traffic to which I have referred will naturally be more or less governed by competitive conditions, but there are other effects independent of such conditions, one of which is the influence which this line to the Pacific will have on the Mexican national development. The opening of the Tehuantepec route, with its ports in full operation, must bring about a large increase in the exchange of products between Mexican and Central American ports on the Atlantic and Pacific Oceans respectively, and also between the interior sections of Mexico and the Pacific States. The cost of transportation will be greatly reduced by the Tehuantepec route, as compared with the long hauls over railway-lines at present. To-day traffic between Mexico City and Mexican ports on the Pacific moves *via* the Mexican and United States railways over the frontier of the Rio Grande, and thence by rail to Guaymas. The natural route for this traffic is by way of Salina Cruz and the Tehuantepec Railroad—at all events, till the projected lines from Guadalajara to Manzanillo and Tepic are completed.

In connection with the Mexican national development the Tehuantepec Railway should be considered not only as a line across the isthmus, but as the basis for feeding lines from other parts of the republic. From the Pacific coast port to the railway-junction at Santa Lucrecia is 109 miles, and from thence to Cordova 213 miles. The distance from Cordova to Mexico City is 198 miles, so that the capital, where all the railway-lines of the republic centre, is by these routes only 520 miles from Salina Cruz. The Vera Cruz and Pacific Railway, which by means of the junction of two branches at the point known as Tierra Blanca brings both Mexico City and Vera Cruz into communication with the Pacific coast, is practically owned by the Government. The roadbed, however, is through a tropical country, in which the rains are very destructive to railway property, and at the present time the whole line is in a very poor condition, and is certainly not fit to cope with heavy freight or rapid passenger traffic. Steps, however, have been taken for improving it by substituting new steel bridges for the old ones, which were unable to withstand the floods, by ballasting the roadbed, and by substituting new ties for the old decayed ones. That it is possible to construct a perfect railway under exactly similar climatic conditions Sir Weetman Pearson has

proved on the isthmus, and we may hope that, if the prospects of traffic warrant the expenditure, the line of the Vera Cruz and Pacific Railway may be put into similar good order, in which case there ought to be no difficulty in carrying passengers from Mexico City to Salina Cruz in twenty-four hours.

It is always dangerous to prophesy, but if pluck and perseverance are to have their reward certainly the Mexican isthmus route should be a success. The object which the Government and the contractors have had before them has been to handle freight at the lowest possible cost by preparing to do it on the largest scale practicable with modern machinery, and to attain this object neither money nor labour has been spared. To those who, like myself, have only seen the almost completed results it is difficult to realise the conditions that existed on the isthmus five years ago, when death and disease played havoc with the lives and constitutions of the men employed, when Nature was continually undoing the work done, and when the financial prospects appeared gloomy. I have little doubt that the optimistic forecasts of the Mexican Government as to the future of the Tehuantepec route will be realised, but in any case the railway will remain as a monument to the enlightened and progressive policy of General Diaz, and to the pluck and efficiency of the British firm who have carried through the great work to such a successful conclusion.

As I before said, the formal opening of the Tehuantepec Railway and of the two ports of Salina Cruz and Coatzacoalcos to transcontinental traffic was celebrated towards the end of January in the presence of President Diaz, the members of his Government, the diplomatic corps resident in Mexico, and other persons, including Sir Weetman Pearson. Those present on that occasion witnessed the realisation of a dream the origin of which was in the brain of Hernan Cortes, though it is doubtful if the "Conquistador" would recognise in the iron road and the magnificent facilities for handling freight at the ports the fulfilment of his dream of a highway from Spain to the East Indies.

Enclosure 2 in No. 47.

"MEXICAN ISTHMUS ROUTE."—THE TEHUANTEPEC NATIONAL RAILWAY COMPANY.—NOTIFICATION OF CHANGE OF NAME OF "COATZACOALCOS" TO "PUERTO MEXICO."

IN accordance with a circular issued by Mr. J. N. Galbraith, general manager of the Tehuantepec National Railway Company, dated Rincon Antonio (Oax.), Mexico, 14th February, 1907, the name of this railway company's terminal port on the Gulf of Mexico has been officially changed from "Coatzacoalcos" to "Puerto Mexico," and it is desired that until the new name of "Puerto Mexico" has become familiar to all concerned, such port be referred to as "Puerto Mexico (Coatzacoalcos)."

[Extract from the *Board of Trade Journal*, 28th February, 1907.]

MEXICO.—H.M. Consul at Mexico (Mr. L. J. Jerome), notifies, for the benefit of merchants and exporters, that, in future, shipping documents, bills of lading, consular invoices, &c., for Coatzacoalcos should be made out for Puerto Mexico.

E. H. MUNDY,
General European Agent, Tehuantepec National Railway Company.
48 Lime Street, London, E.C., 2nd April, 1907.

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