

# NEW ZEALAND—RAROTONGA—PAPEETE—SAN FRANCISCO MAIL-SERVICE.

## No. 1.

The Right Hon. the PRIME MINISTER, to Messrs. J. D. SPRECKELS AND BROS. COMPANY, San Francisco.

(Telegram.)

Wellington, 31st May, 1910.

NEW ZEALAND Government not satisfied with transshipping services at Papeete, and hope you can arrange for through service *via* Papeete.

[Wn.—S.F. 10/8A.]

## No. 2.

ASSISTANT TO PRESIDENT, Oceanic Steamship Company, San Francisco, to the Right Hon. the PRIME MINISTER.

SIR,—

90 Clay Street, San Francisco, 2nd June, 1910.

In reply to your cablegram of 31st May, in regard to your Government not being satisfied with transshipping service at Papeete, we have answered to-day as follows:—

“ Discussed Mills through service either with American vessels or partly British. Impracticable under present conditions. Writing. “ Spreckels.”

Every possible phase of this question has been gone into most fully with Sir James Mills, and we can only briefly give you an idea of the most important reasons why we cannot undertake a through service.

First.—The “ Mariposa ” would be too small, and neither of our large vessels could be placed on the run, as it would be entirely out of the question to consider operating them with coal, while they would require 21,000 barrels of fuel-oil for the round trip, which would reduce their cargo-space to about 2,000 tons.

Second.—The impracticability of making a contract with the United States Government under the present subsidy law for the operation of a line which would consist of one American and one British ship every twenty-eight days. Any vessel subsidized by the United States would require to go *via* Honolulu and Pago Pago to New Zealand and Australia. The pressure from the Hawaiian Islands would be too great to permit of an American subsidized line going by way of Papeete to Australasia. Furthermore, the Government itself desires the connection with Pago Pago.

Third.—The absolute uncertainty attending the prospects for a new Subsidy Bill, in view of the coming Congressional elections. If a democratic majority is sent to Congress a new Subsidy Bill might be out of the question.

Fourth.—Under the present laws the United States could only give a subsidy to an American line of vessels, and would not enter into a contract to give a subsidy to any steamship company that did not employ American vessels exclusively.

Fifth.—The Oceanic Company is under a contract of five years longer with the United States, and three years longer with the French Government of Tahiti for the maintenance of the present service to Papeete; and, no matter what other steamship line operated between Australasia and the United States, it would be necessary for us to continue to carry out our contracts with the United States and the French Government for the Papeete service.

Sixth.—We will concede that the present system of transshipping at Papeete must be unsatisfactory to you; but unless your Government is ready to carry the entire subsidy burden (which would be very heavy) and place in operation a line of British vessels between New Zealand and the United States, there is nothing else better that we can see than to continue the present Papeete service, unsatisfactory though it may be, until such a time as an American line can be established over the old route, and either under the same or better conditions. It is highly desirable from an American point of view that relations should be re-established with Australasia under the American flag, and it might yet be possible to do so with a suitable type of steamship burning oil, under the old basis of two dollars a mile, if Congress failed to act in the matter of establishing a higher rate of subsidy; but until the subsidy question is settled one way or the other there is too much uncertainty to permit American capital to undertake the service.

If such a service was undertaken on the basis of two dollars per mile, with oil as fuel, New Zealand would certainly be called upon to pay a higher subsidy than that which was paid to the Oceanic Steamship Company. If the new United States subsidy was increased to four dollars per mile, about the same subsidy that the New Zealand Government paid to the Oceanic would be ample.

Seventh.—A through service, *via* Tahiti, could only exist in operation until a new line was established over the old route, for the reason that the new line would require all the subsidy that New Zealand could afford to pay, and such new line would of necessity require that the opposition *via* Papeete be withdrawn.