

entered into a contract with the Montreal and Ocean Steam Packet Company for the conveyance of their mails with this country to and from Quebec in summer, and Portland in winter, at which latter port the Canadian Grand Trunk Railway (passing, for a comparatively short distance at its eastern extremity, through the territory of the United States) has its terminus. For this service a subsidy of 45,000 £., provided exclusively by the Canadian Parliament, was agreed to be paid to the company.

The application of the Cunard Company for an extension of their contract mentioned above, as presented in October 1857, was, by the Treasury, referred to the Admiralty and to the Postmaster General. The Admiralty recommended that it should be granted, while the Postmaster General (then the Duke of Argyll) strongly deprecated the extension sought, as in violation of the principles laid down by Lord Canning's committee, and especially if made so long before the expiry of the subsisting contract, disabling the Government for so long a period from taking advantage of increased facilities for conveying the mails at a diminished cost to the country.

Parl. Paper,  
No. 184, Sess. 2,  
1859, pp. 43, 45-7.  
*Id.* pp. 43-5.

The Postmaster General's Report having been transmitted by the Treasury to the Admiralty for their observations on it, they replied by a communication of date December 21, decidedly urging their views in support of the application for renewal of the contract.

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On the 2d of March 1858 the Treasury disposed of this application by the following Minute:—

*Id.* p. 49.

"Write to Mr. Cunard, that, upon full consideration of his application, my Lords are of opinion that his present contract is yet too far from its termination to justify a renewal or extension; at the same time state that my Lords are in every way satisfied with the manner in which he has performed the service, and they will be prepared to consider favourably any application he may make when his present contract has advanced nearer to a termination."

On the 20th of the same month of March, Mr. Cunard addressed to the Admiralty a letter, renewing, and on the same general grounds, the application which had just been disposed of by the Treasury Minute above quoted.

*Id.*

This application was transmitted to the Treasury on the 29th March by the Admiralty, with a recommendation that it should be granted; and, on the 20th of May the Treasury, without having called for any further report from the Post Office, passed a Minute in favour of conceding the extension sought for, and requesting the Postmaster General to communicate his views as to any modifications that might be introduced into the new contract, without materially affecting the basis of the existing contract.

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In reply (June 4), the Postmaster General, confining himself to the terms of the proposed contract, and mainly to the rate of remuneration, pointed out that the mileage rate of payment under the then subsisting Cunard Contract, was considerably higher than that for any other postal packet service, and observed—

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"It should also be stated, that the Liverpool, New York, and Philadelphia Steam Ship Company, whose vessels, according to the register kept at Lloyd's, make their voyages at a speed not much inferior to Mr. Cunard's (although the company, having had no subsidy from Government, have been subject to no penalties for delay), lately offered, on the discontinuance of the Collins steamers, to carry our mails to and from New York for the amount of postage, by which was understood the amount of sea postage."

The offer here referred to had been made on the 1st of March preceding, by a letter from Mr. Inman, agent for the Company, to the Secretary of the Post Office; the Collins line of steamers, which had been subsidized by the United States Government, having been given up about the end of February. In it he proposed to take up with their steamers the day of sailing of the Collins line, thus maintaining, as before, a twice a week mail communication with America, and stating that they were willing to undertake that service "for the amount of postage received."

Parl. Paper,  
No. 230, 1859,  
p. 41.

In reply to this offer the Postmaster General, of date April 14, had acquainted Mr. Inman that he was in communication with the Postmaster General of the United

*Id.* p. 42.