

At this time there was no line of steamers plying between Britain and America; the undertaking was considered to be attended with risk; the period of endurance was fixed at seven years, and the Cunard Company became the contractors after an attempted competition had drawn out only one offer, much above the terms on which they undertook the service.

The contract has since been repeatedly renewed and extended, with certain modifications, and the service has throughout been performed, with paddle-wheel steamers, in the most thoroughly efficient and admirable manner.

The last renewal, prior to that of 1858, was in 1852, when a contract was entered into for a weekly service between Liverpool on this side, and New York and Boston, alternately, on the other side, for a yearly subsidy of 173,340*l*. This contract was to continue in force till 1st January 1862; and thenceforward till 12 months' notice of determination should be given by either of the parties.

In October 1857, there being more than four years of the then subsisting contract still to run, Messrs. Cunard & Co. applied for its renewal, with an extended period of five years after its expiry in 1862. This application was rested on the ground of the service having been so efficiently performed, and of the importance of maintaining the British line against United States competition, in order to do which, it was, they pleaded, necessary that the company should be encouraged, by having an extended term, to build new vessels of a larger and still swifter description.

The state of matters had by this time greatly altered since the original contract was entered into in 1840.

On the one hand, the United States Government had subsidized a line of steamers for the conveyance of their mails, known as the Collins' line, and, on the other hand, private companies had established lines for traffic in the conveyance of passengers and goods; so that, in addition to these two subsidized lines, there were steadily plying between this country and North America, and with great regularity and speed, six other lines of steamers.

Further, in 1853, the subject of Packet Contracts had been submitted by the Treasury to the consideration of a committee, presided over by Lord Canning, then Portmaster General, and of which Mr. Cowper, Sir Stafford Northcote, and Mr. Bromley, were the other members.

That Committee had returned their well known Report, in which they recommended that the idea, previously entertained, of attempting to make mail packets available as armed vessels in case of war, should be abandoned, and that stipulations with that view should no longer be inserted in the contracts, and laid down important principles as to the forming and renewing of such contracts.

In particular, while recognising the propriety of subsidies being granted on the establishment of a service where "the ordinary traffic would not be remunerative for steamers," they stated their opinion, that when "provision has to be made for the conveyance of mails, in cases where steamers employed for passengers and commerce are available, and there is effective competition, it is not necessary, as in the former case, for the Government to subsidize the contractors, by contributing a considerable portion of their receipts, since it may fairly expect to get the service done for a payment which will cover the freight of the mail bags, and compensate for the prescribed punctuality of departure and arrival, and for any increase of speed that may be agreed upon."

And they observed, "The increased demand for steam communication, and the recent adoption of the screw propeller to trading vessels, render it probable that in future renewal of contracts, or the establishment of new ones, the Government may be able to obtain the services they require for payments fixed on the latter calculation rather than the former, and that it will not be necessary to extend the duration if the contracts for so long a period as has hitherto been generally considered necessary."

In regard, again, to this matter of the period for which such contracts should be granted, this committee observed, that where no private communication existed, adequate to admit of a sufficiently speedy service, the contracts should be 0.46—(a).*

Parl. Paper,
No. 184, Sess. 2,
1859, p. 42.

Parl. Paper.
No. 230, p. 48.

Q. 2690.

Parl. Paper,
No. 195, Sess. 1853.

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