

tract of 1852, of terminating the agreement, was only applicable to the additional winter services, which formed the subject of that contract, and was inserted by the Admiralty, and assented to by him solely with a view to putting a stop to these extra voyages, should it be found that they were not absolutely required; whereas the clause in the contract of 1850, which gives to the contractor the sole power of terminating the contract, was inserted at Mr. Cunard's own request, to guard himself against the ruinous loss which might possibly be entailed upon him by a forced performance of his larger service at that period in a great degree experimental. He states now, that, contemplating a very large expenditure in building new and powerful vessels, he could not undertake to sign a contract for the entire service, subject to a power on the part of the Admiralty to terminate his engagement at a year's notice, even though accompanied by a stipulation (as has been suggested by the Postmaster General) of a payment being made to him, in such a case, of a sum of money as compensation.

My Lords consider it not unreasonable that Mr. Cunard should hesitate to employ a very large amount of capital in an undertaking with the contingency of a sudden and unforeseen termination of his engagement, especially as, from the size and peculiar construction of his vessels, he might find no means of disposing of them, and would thus almost certainly incur large losses; and they are inclined, therefore, to authorise the omission of both the clauses in the new contract, an arrangement which, while it will avert from the contractor the possibility of such a contingency as above alluded to, will guard the public against the abandonment of the service by Mr. Cunard himself.

The only other clause in which my Lords are desirous of inserting an alteration, is that relating to the duration of the Nassau portion of the service, which it has been decided shall be for a period contemporaneous with the main contract, an alteration in which Mr. Cunard has signified his acquiescence.

Transmit copy of this minute to the Postmaster General, and, with reference to the other points alluded to in his letter of the 28th ultimo, state, in the first place, that, after mature consideration of his Lordship's recommendation, my Lords are not prepared, in the case of Mr. Cunard's contract, to adopt the principle of making the subsidy proportionate to the amount of postage. For many reasons of great importance, both political and social, my Lords are of opinion that an efficient performance of the postal service between this country and the United States of America is a matter deserving the utmost consideration of Her Majesty's Government, and they are unwilling in any way to withdraw the encouragement which they have hitherto afforded to it, and which has been attended with such satisfactory results. With regard to the only other points not alluded to in the instructions sent to the Admiralty, viz., the omission of penalty clauses for delay in starting from the American side, or for excess of time, and of a clause fixing a time for the performance of the voyage, &c., state that they have been fully considered by their Lordships, but that my Lords are not prepared to authorise any alteration in these respects in the draft contract. The confidence which a long experience enables them to repose in Mr. Cunard, added to the terms of the contract itself, which empowers the Admiralty to terminate it abruptly if its provisions are not complied with, appear to warrant the belief that no additional security need be taken to insure the satisfactory working of the service.

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The Secretary to the Admiralty to *S. Cunard, Esq.*

Sir,

Admiralty, 6 August 1859.

THE Lords Commissioners of Her Majesty's Treasury have communicated to this Department that you have represented that great inconvenience is likely to arise by the adoption, on board of the North American contract packets, of the system of sorting letters on the passage, and that the opening of the hatches in stormy weather, for the purpose of transferring the mail bags from the sorting room, would be an operation attended with considerable difficulty and risk. I am commanded by my Lords Commissioners of the Admiralty to request you will state whether you are prepared to suggest some plan to obviate the inconvenience you apprehend.

I am, &c.

(signed) *W. G. Romaine.*

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