

produce a postal revenue sufficient to cover the expense involved in their maintenance." And, again, in a subsequent paragraph, the Committee observe, with reference to the same point: "We see no sufficient reason for continually renewing such contracts for periods equally long, after the object has been once attained. A Company which has received a liberal subsidy for 10 or 12 of the first years of its existence, ought to provide, by the establishment of a sinking fund, for the maintenance of its fleet of vessels, and may be fairly expected, after having been compensated for the original hazard, to continue the service by fresh contracts entered into either from year to year, or for a period not exceeding three years." The existing contract with Mr. Cunard does not expire until 1862.

It appears, then, that Mr. Cunard has still remaining of his present contract a term longer than the maximum period for which, in the opinion of the Committee, any new contract should be made.

I would also direct your Lordships' attention to another point of importance arising out of the application of the principles laid down by the Committee to this particular case. One ground on which large Government subsidies are defended in certain cases is, that the conditions of the service require a class of vessel which would not be required for ordinary traffic: "The vessels now under contract with the Government are, however, for the most part, required to maintain high rates of speed. The contractors are also subject to a variety of conditions designed partly to secure the efficiency of the postal service, and partly to render their vessels available for other national purposes wholly unconnected with that service. In return, they are in the receipt of subsidies largely in excess of the amount of revenue derived from the mails they carry." And again, "It must be borne in mind, that the expensive vessels built for the conveyance of the mails at a high rate of speed are not in demand for the purposes of ordinary traffic, and cannot, therefore, be withdrawn and applied to another service at short notice." But this is a condition which no longer applies to the American line of packets. So far from the requirements of the contract exceeding those which arise out of the ordinary traffic, the demands of that traffic are such as to justify and secure the establishment of vessels far more powerful than those contemplated by the Government. The superiority of his vessels to those stipulated for in the contract is referred to by Mr. Cunard himself, and is a fact which clearly indicates that the ordinary traffic now thoroughly established is such as to leave far behind the mere requirements of the contract, and, consequently, that no excess of subsidy can be defended on the ground referred to by the Committee.

I would submit, therefore, to your Lordships that, on the contrary, the present is a case such as that specifically mentioned in another paragraph of the same Report, viz., a case in which frequent and rapid communication already exists, and where, consequently, "it is not necessary for the Government to subsidise 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." In such cases, the Committee emphatically observe that, "Public competition for the conveyance of the mails can hardly be too frequently or too openly invited."

I need hardly remind your Lordships that the requirements of the traffic to America are now such as to lead to entirely new projects of navigation; and it seems more than probable, in the course of a very few years, under no other stimulus than that of ordinary commercial enterprise, the ocean will be traversed by vessels of extraordinary speed and power. Under such circumstances, it seems to me inexpedient that the Government should be bound for a long period to pay a large sum to vessels which may soon be outstripped by others.

Should a much greater speed be attained, the demand of the public for the employment of superior ships for postal purposes, even if not anticipated by Government, would probably become irresistible; indeed, as every person is at liberty to direct his letters to be sent by what ship he pleases, the postal revenue which may be considered applicable towards defraying the packet service, would, under such circumstances, be greatly diminished, even if the inferior packets were continued.

This latter consideration, the dependence of the postal revenue derived from any particular packets on the character of those packets for speed and regularity, affords additional weight to an opinion of the Committee, stated at page 7, viz., that "in some cases the conveyance of the mails might be advantageously provided for by a payment bearing a certain proportion to the estimated amount of the postage received, or based upon the actual weight of the bags carried."

Such an arrangement would, I think, do much more to secure improvements, from time to time, in the sea service than the ordinary stipulation, that the contractors shall make such alterations in the construction and machinery of their vessels "as the advanced state of science may suggest," and as the Admiralty may direct.

Even, therefore, where the postage received may be insufficient to defray the whole cost of the service, as is the case in this instance (though Mr. Cunard seems to suppose otherwise), I would strongly recommend that the payment be based on the amount of postage, by making it equal to the postage and a certain fraction of the postage in addition; or, if requisite, even to a multiple of the postage. Such a mode of payment would have the additional advantage of rendering simple any negotiation with a Colony (as with Canada, for example, in this instance), for the payment of its share of the cost.

The Committee recommend that, in any new contract, all provisions which do not directly bear upon the efficiency of the postal service, such as requiring that the vessels shall be so constructed as to serve, to some extent, for men-of-war, and that troops and stores shall be conveyed