

## PAPERS RELATING TO MR. VOGEL'S MISSION TO ENGLAND.

The Hon. J. VOGEL to the Hon. W. Fox.

SIR,—

Wellington, 26th August, 1871.

I have the honor to report to you upon the various matters in which I have been engaged since I left New Zealand.

### CALIFORNIAN MAIL CONTRACT.

I have already communicated with you at great length upon the steps taken by me in connection with the Californian Mail Contract. E.—No. 4.

When I left New Zealand, I had with me the contract entered into by Mr. Neilson, on behalf of Mr. W. H. Webb and Messrs. Holladay and Brenham. I also had instructions from the Government to the effect that, in case of difficulties arising as to carrying out that contract in its entirety, I was to consider myself at liberty to consent to considerable modifications. On the voyage between Honolulu and San Francisco, I deemed it desirable to recast the contract, and to enter into an agreement with Mr. J. B. M. Stewart, who was the authorized representative of Mr. Webb and Mr. Ben Holladay. It is to be remembered that, in adopting this course, I did not admit any informality in the contract with Mr. Neilson; but it seemed to me that it was desirable to concede a great deal for the sake of securing an amicable arrangement with Mr. Webb, rather than to fall back upon any power we might have of forcing upon him a distasteful contract. Besides, any delay in concluding the negotiation, or any dispute as to the validity of the contract, would in all probability have led to a result much to be deplored—namely, the stoppage of the then existing service, before the commencement of the new one. The fact which I learned at Honolulu, that I should not find Mr. Webb in San Francisco—and that, therefore, if I failed to make an agreement before leaving that city, I should be in a condition of great uncertainty as to the arrangements for carrying on the mail service without interruption—made it seem important that I should come to an understanding with Mr. Webb.

### THE CONTRACT.

It is not worth while now to discuss what hold Mr. Neilson's contract gave us upon his principals. Mr. Ben Holladay personally admitted to me his liability under the contract; and though Mr. Webb did not go so far as to admit liability, he did not expressly deny it. But liability under the contract meant the option on the part of the contractors to pay £25,000 as a penalty for non-performance; and I had to bear in mind, in dealing with Mr. Stewart, that the object of the New Zealand Government was, not to obtain a sum of money by way of forfeiture, but to establish an efficient mail service. The same arguments apply to the discretion which I afterwards exercised, when I consented, at the request of Mr. Webb, to slightly modify the agreement entered into by Mr. Stewart, although Mr. Webb had, before I left San Francisco, telegraphed his acceptance of it.

It was a source of very great gratification to me that, finally, I concluded a contract which as nearly as possible carried out the wishes of the Assembly, which is much more favourable than the limitations of the Government permitted me to agree to, and which I am certain will secure for the Colony results, direct and indirect, of an inestimably valuable nature.

When I consider the whole course of the protracted negotiations, from the time of the first tentative arrangement with Mr. H. H. Hall—the amount of local opposition and difficulty thrown in the way of the Government—the remarkable indisposition of some of the neighbouring Colonies to render assistance to the line, when its continued existence seemed to depend, in a measure, upon their assistance—the many and conflicting interests to be contended with—the unexpected refusal of the United States Congress, at the last moment, to contribute to the subsidy, and the consequent great increase of the responsibilities undertaken by the Contractors—I find it difficult sufficiently to congratulate the Government upon the favourable contract which has been concluded.

On my return from England to the United States, I learned that Mr. Webb had already found larger difficulties in his way than he had anticipated, and he urgently applied to me for a modification of the contract. I at once informed him that I had no power whatever, on my own responsibility, to alter the contract or to remit any of its provisions. I also expressed my opinion that the contract as it stood was the one which the New Zealand Government would insist upon being ultimately carried out, and was, moreover, one which, with a little patience and forbearance, could be made entirely satisfactory to the Contractors. Mr. Webb undertook, without delay, to have the "Dakotah" made ready for the service. Thereupon, I informed him that, without in any way pledging my Government to such an extent, I thought it quite possible that if he went to New Zealand, or if he sent thither a thoroughly authorized agent, the Government might yield to a request that some temporary facilities should be afforded to him, pending his being able to put more vessels on the line, but with the express understanding that the "Dakotah" should be brought into use without any delay whatever. Mr. Webb gave me to understand that he would be satisfied if some temporary facilities were afforded, to enable him to contend with the opposition which had unexpectedly sprung up in Australia; and that, not insensible of the magnitude of the contract he had undertaken, he was determined thoroughly to do justice to it.

I take the opportunity of expressing the opinion, that the contract as it stands is, in substance, the one to which the New Zealand Government should rigidly adhere; but that, consistent with such adherence, it would not be out of place to show temporary consideration to the Contractors. I am convinced that the contract as it stands will ultimately secure the support of the Australian Colonies; that it will lead to a most valuable service, and one which, with proper attention, will be made