

Yokohama Feby 3. 1875

My dear Mr Horai

According to your suggestion I now write what I proposed to say to H. E. Mr Okuma if I had been so fortunate as to see him yesterday -

As a friend to both the Japanese Company and the American Company I see with regret the opposition now beginning between the two lines of Steamers to Shanghai, and would like to be the means of preventing the loss which must thereby result to both parties -

Every one must admit, and the Pacific Mail Company do admit, that the Japanese Government has full right to employ its spare steamers in trade and may justly maintain that such a mode of training its people in Steam Navigation, and of developing the Commerce of Japan, is quite as justifiable as the plan of granting subsidies or making liberal mail contracts, which other Nations adopt for similar objects -

On the other hand it has to be recognized that the Pacific Mail Company, having taken so much trouble to create and establish its business between Japan and China, and having several large steamers here which are suited only for that business, cannot be expected to give up the fruits of their enterprise

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without a struggle, even if their opponents have the support of the Japanese Government.

Should the American Company do so they must expose themselves to ridicule, and thus lose reputation as well as business; and it is better for them to lose money than to do this. They can also afford to ~~to~~ lose a good deal of money in such a case, as the Government and people of America would probably sympathise with them, and give them some assistance in their efforts.

While the Pacific Mail Company have made good profits on their business between the ports of Japan, and have received favors from the Government and people of this country, yet they have on their part rendered good service to all. For they have paid out very large sums for wages, boats, Coals, provisions etc, which have been of advantage to Japan.

Such being the facts of the case, and each party having such good reasons, on the one hand to maintain its line, and on the other to treat its opponent considerately, it ought to be possible to make a satisfactory and amicable arrangement so as to avoid any unnecessary loss of money to either.

Now, as I have intimated to you, the Pacific Mail Company is disposed to sell its line to the Government if fair conditions can be made.

What it has to sell may be classified as follows:

1. The 4 Steamers now on the line, with all that belongs to them on shore and afloat.
 These ships are in fine order and are valuable property for many purposes. Except the "New York", there are no other ships in these waters so well adapted to the business.
2. The premises, lighters, Coal Stores &c. belonging to the Company at Kobe, Nagasaki & Shanghai. These would be valuable to any steamers on that line, but would be useless to the Company after its ships were sold.
3. An Agreement by the P. M. Company not to put any other Steamers on the Shanghai line for a certain number of years.
 This would debar that Company from renewing its competition. And other competition is unlikely. For in the same way that the P. M. Company overpowered its former English & French competitors on this line by its better ships and better management, so would the Japanese prevent competition from new Companies by the same ships and equally good management.
4. An Agreement by the P. M. Company to ship by the Japanese line all the freight which the former now controls in connection with its main line of Steamers to and from California.
 This freight cannot be diverted from the P. M. Company as long as they choose to claim it, and it

it is an item of considerable value, about which special arrangements would be necessary-

5. All mail and other Contracts between the Japanese Government and the Company - At present such Contracts have but a year to run. But it should not be overlooked that if the United States Government should exercise its right to cancel the Postal Convention after a year, it would probably renew its former arrangements with the P. M. Company -

It might be advantageous for the Government to buy these 5 things at a fair price. For besides acquiring several steamers very suitable for the business, or for Government use in case of need, the Japanese line would then be enabled to charge rates of freight & passage, which would yield a profit instead of a loss -

It is my opinion that the difference which would thus be made by having all the Steamers in one line would be enough in about two years to liquidate all that Government would have to pay the P. M. Company -

I can say from personal knowledge of the Agents of the P. M. Company here that they are not actuated in their present course by any feeling of hostility to the Government or even towards the opposing Japanese Company, but solely by their duty towards their employers, who refuse to

abandon, without fair compensation, the business they have established between Japan & Shanghai.

I am authorized by the Agent here to say that fair proposals from the Government will have his respectful consideration; or, that if the Government intend seriously to entertain the idea of purchasing the line, the P.M. Co. will make a fair proposition through any house.

We should be glad to be of service in arranging this matter, and to give every assistance in our power, after its conclusion, to render it a successful undertaking for Japan.

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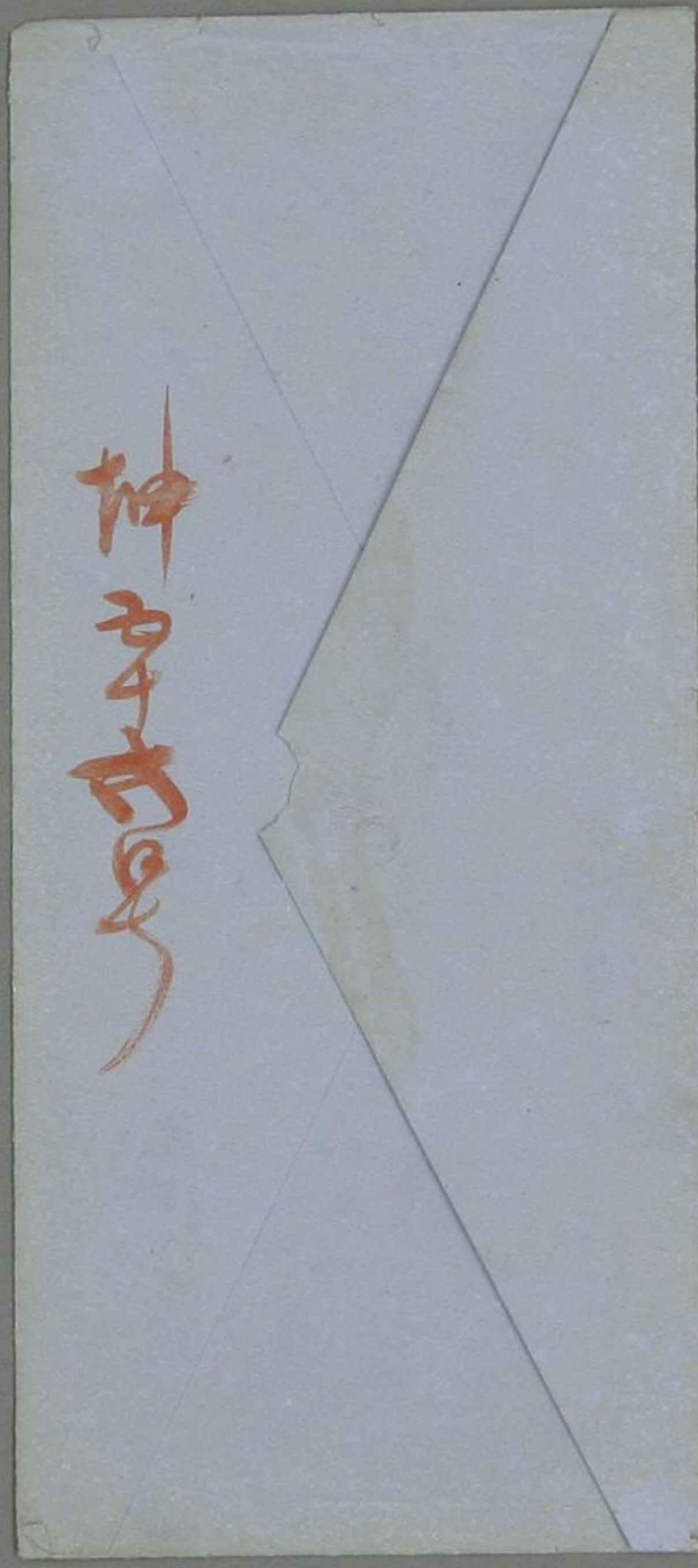
Dear Mr Hiram

Yours truly
H. Mahan

E. M. Hiram Esq
Tokio

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