

that it must be a serious drawback to the successful working of our railways, for no one, if they can help it, will attempt to do business under a system that neither they nor you can understand.

You next state that "in English law relating to railways, such an expression [as "differential rating"] is never met with." This may be, but it matters little to us. It occurs in our colonial law.

For the wording of the Government Railways Act of 1887 there can be no doubt that you are largely responsible. What meaning, then, do you attach to the words when you allowed them to appear in the following by-law? "(m.) For imposing differential rates and charges for the carriage of passengers and goods upon any railway, and the circumstances and conditions under which the Commissioners will make special rates for the carriage of goods in quantities." The League may also point out that one of your number, Mr. Maxwell, in his report for 1884, argues that "differential rating" is not carried far enough in this colony. He, at any rate, should have a clear idea of the meaning of the term.

The League now, however, has before it your official declaration that you do not understand the meaning of the words "differential rating," and also the fact that you have applied to your solicitors to interpret them for you.

The following paragraph appears to the League to be a very extraordinary one: "As it appears that one of the members of the firm of Devore and Cooper, the solicitors employed by the department in Auckland, is a member of the Railway Reform League, it might be as well to request the firm to give the Railway Commissioners a brief opinion as to the meaning generally of the term 'differential rating' as applied to railway traffic. This opinion is needed to enable the Commissioners to obtain an accurate view of what is involved by the total abolition of differential rating, and to enable them to judge whether the substitution of what is termed 'the stage system' will bring about the total abolition of such a style of rating."

You here state that Messrs. Devore and Cooper's opinion as to what the term "differential rating" means is necessary to enable you to judge whether the substitution of a stage system for a mileage system will secure the abolition of differential rating.

In the first place, the League has to remark, without intending any disrespect to that firm, it fails to see how Messrs. Devore and Cooper's opinion can affect the question either one way or the other; and, in the second place, it says that the absurd suggestion that the adoption of a stage system would secure the abolition of differential rating did not emanate from the League. The League's propositions with reference to these two matters are very clearly and distinctly laid down, and are as follows: (1.) The total abolition of differential rating. (2.) The abolition of mileage rating, and the substitution of a stage system. (3.) The stage system adopted must be of such a nature as to give special facilities to districts and settlers far removed from a market. These are all separate and distinct propositions, and, we think, stated in language that should have prevented the confusion of ideas that has evidently arisen in your minds.

We may, however, remark that the adoption of a stage system such as the one proposed would do away with the only legitimate excuse for differential rating—namely, bringing the distant producer closer to his market.

Further on you say: "The objectionable practices such as are known as unjust discrimination, undue or unreasonable personal preferences, drawbacks, rebates, discounts, allowances, secret rating, &c., are not in operation on the New Zealand Government railways, and never have been." This statement is perhaps correct, but the League would direct your attention to the fact that the Act of 1887 legalises and gives you the power to enforce them. You may bring them into operation any day at your own pleasure, and the public has no appeal either at law or to Parliament. The League says Great Britain and America have found it necessary to suppress these practices by very stringent legislation, and the League further says that power to enforce them in New Zealand ought never to have been given to any man or set of men. The League directs your attention to the fact that these practices, which have been made legal in this colony, are now punishable in America by fines up to £1,000, and two years' imprisonment.

You quote certain fares under the proposed system, and state that they "make a local preference to an extent quite unknown in ordinary practice." The reply is that, under the proposed system, the existence of the mile is ignored, as it is in postal and telegraphic practice, and all fares and rates are based on average cost and population. On the forty-two miles referred to as between Buckland and Henderson, and for which the first-class passenger-fare is 3s. 6d., there is a population located of between sixty-five and seventy-five thousand; while on the forty-two miles between Mercer and Frankton the population is probably less than twelve hundred. The facilities for doing business over a district containing seventy-five thousand inhabitants are so great as compared with a district of similar extent, but containing only twelve hundred inhabitants, that it appears to the League to be sound policy to charge a higher rate in the thickly-populated district, and to give the lower rate in the thinly-populated one, in order that people may be induced to settle there and utilise the land.

We presume you desire to make it appear that the system the League wishes to have tried is a differential-rating system. The League has good authority for stating that it is not. The minutes of evidence taken before the Parliamentary Committee which inquired into this system were sent to Mr. Charles Waring, of London, and he was asked to say if it is a differential system. He replied as follows: "In answer to the specific question put to me, I hardly see how any system in which rates and fares are established on a fixed basis can be properly called a differential-rating system. This is not what we mean when we speak of a differential system in England, and describes, indeed, the exact reverse." This is Mr. Waring's opinion; he is an undoubted authority, and, as you have publicly stated that you do not understand the meaning of the term, the League is more than justified in accepting his opinion in preference to yours.