

1890.
NEW ZEALAND.

RAILWAY REFORM LEAGUE'S PROPOSALS

(CORRESPONDENCE RELATIVE TO).

Laid on the Table by the Hon. T. Fergus, with the Leave of the House.

No. 1.

The RAILWAY REFORM LEAGUE to the RAILWAY COMMISSIONERS.

GENTLEMEN,—

Railway Reform League, Auckland, 12th October, 1889.

I have the honour, by the direction of the general committee, to inform you of the formation in this city of a "Railway Reform League," having for its objects the matter specified in the circular enclosed (see Appendix A), which is now being distributed generally throughout the colony, and a copy of which has been previously sent you.

You are doubtless aware that a Parliamentary Committee of inquiry in the year 1886, after hearing evidence upon a proposed new system of railway-fares and charges (which include the alterations sought to be brought about by the League), reported that the Committee was of opinion that the matter was of so much public importance that a trial should be given to the proposed new system on an isolated section of our railways. The Railway Reform League is desirous of having this recommendation carried out, and I am directed to ask if you will consent to give this proposed system a trial upon the Auckland lines.

I would respectfully point out to you that the Auckland system of railways is the only isolated section in the colony of sufficient extent to give a satisfactory trial to any new system of administration; and I would also direct attention to the fact that, owing to its very depressed condition, and the unsatisfactory results obtained from the branches, a trial on the Auckland lines would be the most severe test that any new system could be put to; and that should it prove satisfactory here it would work very much better in other parts of the colony. I am also instructed to say that the League will not be prepared to recommend any local body to give an indemnity against possible loss, as any trial made will be for the benefit of the whole colony, and in the public interests generally.

By order of, and on behalf of, the Railway Reform League.

I have, &c.,

C. D. WHITCOMBE, Secretary.

No. 2.

The RAILWAY COMMISSIONERS to the SECRETARY, Railway Reform League, Auckland.

SIR,—

Wellington, 19th October, 1889.

With reference to your letter of the 12th October, the receipt of which I had the honour to acknowledge on the 16th instant, in reference to the resolution of the Auckland Railway Reform League, suggesting a trial on the Auckland Section of a proposed new system of fares and charges, I am instructed to inform you that the Railway Commissioners are well acquainted with the proceedings before the Parliamentary Committee you refer to.

The Commissioners beg to draw your attention to the correspondence in the *Herald* of the 11th February last (see Appendix B). The Minister, in reply to Messrs. Vaile, Green, Nathan, Bell, and Reid, about the Auckland railways and Mr. Vaile's scheme, explained that no particulars of the scheme and proposals were available; that Mr. Vaile had given to the Committee an outline only of his plan of passenger-fares; and that he had intimated to the Parliamentary Committee that his knowledge of the goods-traffic was not enough for him to found proper charges and classification upon. The Minister requested complete details of the scheme and proposals, in order that the Government might consider them.

1—D. 2.

As you will observe from the correspondence, this information was declined by Mr. Vaile. You will no doubt concur that it is necessary that the Railway Commissioners should be furnished with the details of your scheme before expressing an opinion on its suitability. The Commissioners will be glad to receive from you these details; the scheme will then have their most careful attention.

As, however, the expression of unwillingness of the League to recommend any local body to give an indemnity against possible loss is calculated to cause serious mistrust as to the financial prospects of the scheme, I am directed to ask you to intimate to the Commissioners, when supplying the information alluded to, whether the members of the League propose to offer any guarantee at all against loss.

I have, &c.,

E. G. PILCHER, Secretary.

No. 3.

The RAILWAY REFORM LEAGUE to the RAILWAY COMMISSIONERS.

GENTLEMEN,—

Auckland, 31st October, 1889.

I have the honour to acknowledge the receipt of your letter of the 19th October instant.

As to the correspondence in the *Herald* of the 11th February last, to which you allude, and to the fact of Mr. Vaile's declining to give details of a proposed scheme to the Minister when requested, the League say that Mr. Vaile then referred the Minister to the scheme as contained in his evidence before the Parliamentary Committee, and gave what the League consider substantial and valid reasons why no further details could then be given.

With respect to your request that the League should furnish you with the details of the scheme proposed by the League, I have to state that in a previous letter (12th October, with enclosure) the League intimated that the general features and certain details of their scheme were contained in the evidence taken before a Parliamentary Committee which sat from the 2nd day of June, 1886, to the 11th day of August of the same year (I.—6, 1886). The League again refer you to the evidence given before that Committee, which fully discloses the general features and, to a great extent, the details of the proposed scheme.

The Commissioners must know that to give minute details respecting all contingencies of an untried scheme would be an impossibility without access to the records of the department; and, further, with reference to this request that the League should supply you with the details of the scheme proposed by the League, I beg to state that the League are of opinion that it is not their duty to provide the Commissioners with minute details of the scheme proposed. It cannot be maintained that the proceedings before this Parliamentary Committee do not disclose sufficient details of the design or scheme which the League wish to be tried, for the Committee themselves, during an exhaustive inquiry, never complained of want of detail of the scheme under consideration, and they reported that a trial should be given to the system. The League venture to say that this Parliamentary Committee would never have made such a report if any necessary details of the system had been wanting. The League therefore respectfully refer the Commissioners to the evidence so taken as containing full particulars and details of the system which they are desirous should be carried out on the Auckland system of railways. It may be objected that in the evidence referred to there is little or no reference to goods-traffic and the details connected therewith; and, in answer to this, the League say that so far as goods-traffic is concerned such may be the case, but as far as passenger-traffic is concerned there are ample details, and that therefore the system as it affects passenger-traffic, passengers' luggage, and parcels, at the least, should have a fair trial. As to the details of the system in respect of the goods-traffic, the League would be prepared to give every necessary information after a trial of the proposed new system upon passenger-traffic had proved successful.

The Hungarian Government having adopted the system proposed by this League, are trying with marked success its effects upon passenger-traffic alone; and the League desire, in this respect, to follow their example, and, upon proof of the success of the system upon passenger-traffic, to include goods-traffic in the scheme.

As to providing a guarantee against any possible loss which may arise upon a trial of the proposed system, the League beg leave to dissent from your views on this point when you say that, because the League decline any guarantee, mistrust as to the financial success of the system is implied. The League do not anticipate any loss; on the contrary, they are confident a large profit will result from the proposed trial. The evidence received in respect of a partial trial of this system shows it to be an unqualified success. The League submit that they represent a very large section of the colonists of New Zealand, for whose benefit, and at whose expense, the railways exist, and who are very decided in their wishes to see some reform in the administration of the railways. They further submit that such reforms, where carried out, would be for the public good, and would not benefit the League or any member of it, or any particular section of the community; and they therefore say it would be manifestly unjust to ask them to provide any such guarantee as suggested in your letter.

In conclusion, the League will be prepared to answer any questions submitted by the Commissioners.

By order of, and on behalf of, the Railway Reform League,

I have, &c.,

WILLIAM C. DALDY,

Chairman, General Committee, Railway Reform League.

No. 4.

The RAILWAY COMMISSIONERS to the RAILWAY REFORM LEAGUE, Auckland.

SIR,—

Wellington, 7th November, 1889.

I have the honour, by direction of the Commissioners, to acknowledge your reply of the 31st October, to the effect—(1) That the Railway Reform League is not now prepared to furnish details of the proposed scheme either for goods-traffic or passenger-traffic; (2) that the League would give every necessary information about the goods-traffic scheme after a trial of the proposed new system on passenger-traffic had proved successful.

The Commissioners find, on reference to the parliamentary report to which you direct their attention, that it was considered that it would take two or three years at least to give Mr. Vaile's system a fair trial; the whole subject of the goods-traffic may for the present, therefore, be considered to be indefinitely postponed.

The Commissioners are in some doubt as to what system the League is advocating for passengers. In your letter you speak of the Hungarian Government having adopted the system "proposed by this League, &c.," while, at the same time you refer the Commissioners to Mr. Vaile's system, and the report of the Committee thereon, for details. The Commissioners have been favoured with a copy of a letter of Mr. Vaile's, appearing in the *Herald* of the 15th August last, in which he says these are different systems. He mentions—"(2.) The system of equal zones or stages proposed by Adolph Engel, and now about to be tried for the first time by the Hungarians: (3.) The system of unequal zones, based on average cost and population, proposed by myself in this city in 1882."

The Commissioners have carefully studied the evidence given before the Parliamentary Committee on Mr. Vaile's system, and have also perused among other papers the article on the Hungarian system, kindly forwarded by the Secretary of the League. They perceive very enormous differences in the systems, which appear to be elaborated on different bases, as Mr. Vaile has pointed out. Judging from the evident confusion on the subject on the part of the League, the Railway Commissioners still think that it is necessary that they should be furnished with the details of your scheme before expressing an opinion on its suitability.

I have, &c.,

E. G. PILCHER, Secretary.

No. 5.

The RAILWAY REFORM LEAGUE, Auckland, to the RAILWAY COMMISSIONERS.

GENTLEMEN,—

Auckland, 30th November, 1889.

I have the honour, by direction of the Railway Reform League, to acknowledge the receipt of your letter of the 7th November, 1889.

Referring to the remark contained in the first part of your letter, that our previous letter of the 31st October contained, in effect, a statement that the League is not now prepared to furnish details of the proposed scheme either for goods or passenger traffic, I beg to repeat what has been before stated—namely, that the printed evidence given before the Parliamentary Committee, to which the Commissioners have already been referred, contains the general features and sufficient details to enable the Commissioners to give the proposed scheme a trial. I regret that the Commissioners seem unable or are unwilling to realise this fact. The League cannot understand why the Commissioners should have any doubt (as they say they have) respecting what system the League is advocating. There is no confusion on the subject on the part of the League, as suggested in your letter. The League is quite clear as to what its members require, and is satisfied that the Commissioners are sufficiently acquainted with the general bearing and details of the proposed scheme to give it a fair trial if they so wished. The League regrets to say that it is forced to the conclusion that the Commissioners are placing unnecessary difficulties in the way of the League, and are pursuing this line of action against the wishes of a very large section of the colonists of New Zealand.

Mr. Conyers, the late Commissioner of Railways for the South Island, gave very clear and distinct evidence before the Committee referred to that there was no difficulty whatever in applying the proposed system to the New Zealand railways, and that it would only take him two months to apply it to the passenger-traffic on the Hurunui-Bluff line. Mr. Conyers's ability as a railway manager has never been questioned; and we are justified in assuming that what is sufficient for his guidance should be sufficient for yours.

With regard to the goods traffic, as in making a complete alteration in the system of administering our railways we must commence somewhere, the League considers it advisable to begin with passenger traffic. You should be aware that this is the portion of the traffic that can most readily be made to yield a profit; and the amount of profit so obtained would, to a large extent, determine the amount of reduction that can be made in goods rates.

The League attaches the utmost importance to goods traffic, and for that reason considers it would be most unwise to attempt to fix the rates before the profit obtainable from passenger traffic has been, at any rate, approximately ascertained. The League would direct your attention to the fact that it would be impossible for any man or body of men to lay down a goods tariff on a specific basis—one which would be suitable to the requirements of the colony, and be at the same time both eligible and equitable—without ready access to all data in respect of the goods traffic of the colony, which are to be found only in the records of your department.

In conclusion, I beg, on behalf of the League, to state that the Railway Reform League has not been formed for the purpose of bandying words or disputing about the meaning of technical terms, but that it was called into existence with the object of securing a complete and thorough reformation in the administration of the railways of the colony, and this object it is determined to pursue

to the end. The League, therefore, again refers the Commissioners to the printed evidence of the parliamentary inquiry, and would respectfully ask for a definite answer without further delay as to whether they are or are not prepared to adopt the recommendation of the Committee which reported "That a trial should be given to the system."

I have the honour to enclose a printed reply (Appendix D) to the printed correspondence (Appendix C) you were good enough to forward to the League.

On behalf of the Railway Reform League,

I have, &c.,

WILLIAM C. DALDY,

Chairman, General Committee.

No. 6.

The RAILWAY COMMISSIONERS to the RAILWAY REFORM LEAGUE, Auckland.

SIR,—

Wellington, 10th December, 1889.

With reference to your letter of the 30th November, the receipt of which I had the honour to acknowledge on the 3rd instant, I am now directed by the Railway Commissioners to inform you that it is necessary that they should clearly understand the desires and intentions of the League. The demands at present are now understood to be limited to the passenger business; but what those demands are is not yet made clear by the League. In your letter of the 31st October you state distinctly that the Hungarian Government have adopted the system proposed by the League; at the same time, you repeatedly refer to Mr. Vaile's system as the one the League advocates.

The Commissioners request me to say that these two systems are antagonistic in their objects, and in other respects. It is found from reports that "The Hungarian State railways regarded as the principal object of their reform to draw as many people as possible to the capital in the first place, and to the larger towns which are already centres of commerce or industry in the second." In Mr. Vaile's evidence on his system, the reason he proposed to abolish the mileage system and differential rating was that, "I believe these are the chief agencies at work in massing up the population in a few large centres and drawing it from the country districts. That I hold to be a great commercial and social evil."

If the system proposed by the League has been adopted by the Hungarian Government, as the League alleges is the case, and the report on the Hungarian practice furnished by the League to the Railway Commissioners is correct, the League's proposals are not at all identical with Mr. Vaile's, as expounded by him to the Parliamentary Committee.

The Railway Commissioners understand that the Railway League now asks for a trial on the Auckland railways of a new system of railway passenger-fares. The Railway Commissioners have assured you that they are willing to give the fullest consideration to any scheme the League may place before them. They beg to repeat these assurances, and to express their hope that the League will agree, upon consideration, that it is necessary the Commissioners should be furnished with the details of the scheme by the League before expressing an opinion upon its suitability.

I have, &c.,

E. G. PILCHER, Secretary.

No. 7.

The RAILWAY REFORM LEAGUE, Auckland, to the RAILWAY COMMISSIONERS.

GENTLEMEN,—

Auckland, 10th January, 1890.

I have the honour to acknowledge receipt of your communications of the 10th and 11th ultimo.

You are quite in error in supposing that the demands of the League at present are now understood to be limited to the passenger business. The demand of the League is that the stage system investigated and reported upon by the Parliamentary Committee of 1886 shall be applied to every branch of railway traffic. The League is fully alive to the fact that the transport of goods is of more importance to the colony generally than the transport of passengers. The League, however, is of opinion that, as a financial operation, it will be much the wisest plan to commence with passenger-traffic.

The reference in my letter of the 31st October to the system adopted by the Hungarian Government was merely made to draw your attention to the fact that this Government had abolished mileage rating, and adopted a stage system; and, further, that the Hungarian Government holds the same opinion as does the League—viz., that if financial success is to be assured it is necessary to begin by applying this new system in the first instance to passenger-traffic. The League has repeatedly asked you to give effect to the recommendation of the Parliamentary Committee of 1886, and to try the system reported on by that Committee. It is therefore quite impossible that the Hungarian system could have been intended, as that system was not in existence in 1886.

Your statement in R. 89/3589/4898, that "Four fares out of the six you direct their attention to are incorrectly stated by the League," is not borne out by the *Gazette* forwarded with your letter. From that document it appears that the present first-class fares for the three miles between Auckland and Remuera is 7d., and not 6d. as stated, and for the six miles between Avondale and Newmarket 1s., instead of 1s. 4d. as stated. It is one of the complaints of the League, and of the public, that the frequent changes in fares and rates render it almost impossible for any one to give a correct present rate. This is, however, a very minor point compared with the important subjects

dealt with in our printed paper, which you have not thought it expedient or, at any rate, necessary to take any notice of.

In conclusion, I beg to refer you to the concluding paragraphs of my letter of the 30th ultimo, and must again respectfully request you to supply the League with a direct answer to the question therein clearly and definitely put to you—viz., whether you are or are not prepared to adopt the recommendation of the Parliamentary Committee of 1886, which reported "That a trial should be given to the system."

I much regret that, owing to the Christmas holidays, this letter has been delayed.

On behalf of the Railway Reform League,

I have, &c.,

WILLIAM C. DALDY,

Chairman, General Committee.

No. 8.

The RAILWAY COMMISSIONERS to the RAILWAY REFORM LEAGUE, Auckland.

SIR,—

Wellington, 28th February, 1890.

I am directed by the New Zealand Railway Commissioners to send you with this fifty copies of an article on the Zone system of railway-fares (Appendix E), originally abstracted from the *American Railroad Gazette*, and which has been reprinted in the *Otago Daily Times* at the suggestion of the Commissioners. As you mention in your letter of the 31st October that the system adopted by the Hungarian Government is that proposed by your League, the subject of which the article treats will doubtless be of great local interest, and I am desired to say that if you would like to have some more copies for distribution a further supply can be sent.

I have, &c.,

E. G. PILCHER, Secretary.

No. 9.

The RAILWAY REFORM LEAGUE, Auckland, to the RAILWAY COMMISSIONERS.

GENTLEMEN,—

Auckland, 11th March, 1890.

I am duly in receipt of your communication of the 28th ultimo, and regret to find that it does not contain any reply to my letters of the 10th January and the 11th February, which still remain unanswered.

I am obliged for the printed memorandum accompanying your letter, which gives a description of the Hungarian Zone system.

You are in error in stating that in my letter of the 31st October I mention that the system adopted by the Hungarian Government was the system proposed by this League. Reference was only made to this system for the purpose of showing you that the Hungarian Government had abolished the system of mileage, and had adopted a stage system, as was fully explained in my letter of the 10th January last. I am pleased to see by the English Press that the Hungarian Zone system has been a decided financial success. The League has no doubt but that a similar financial success would be the result of a trial of the stage system, as proposed by the League, whilst the concentration of population in the cities, which, as you correctly state, is the avowed object of the Hungarian system, would be avoided.

I have, &c.,

W. C. DALDY,

Chairman, General Committee, Railway Reform League.

No. 10.

The RAILWAY COMMISSIONERS to the RAILWAY REFORM LEAGUE, Auckland.

SIR,—

Wellington, 15th March, 1890.

I have the honour, by direction of the Railway Commissioners, to acknowledge your letter of the 11th instant. The Railway Commissioners note from it that your reference in your letter of the 31st October, 1889, to "The Hungarian Government having adopted the system proposed by this League" was erroneous, and that you propose another system, calculated to give diametrically opposite results. The Commissioners await the details of the system of passenger-fares which you propose, and, upon receipt of them from you, will give the subject their closest consideration.

I have, &c.,

E. G. PILCHER, Secretary.

No. 11.

The RAILWAY REFORM LEAGUE, Auckland, to the RAILWAY COMMISSIONERS.

GENTLEMEN,—

Auckland, 24th March, 1890.

Your communication of the 15th instant is to hand.

I again enclose you a list of the original members of the Railway Reform League, and direct your attention to the fact that it comprises many of the leading citizens of this city and province. Seeing that I represent these gentlemen, and that they represent a very large section of the inhabitants of this colony, I feel justified in characterizing the communications you have lately thought fit to address to me as trifling. On the 30th November, 1889, and again on the 10th January and 11th February last, I asked for a direct answer to the question whether you are or are not prepared

to adopt the recommendation of the Parliamentary Committee of 1886, which reported that a trial should be given to the system they had examined. I now repeat my request, and ask you to be good enough to send a reply by return post.

For and on behalf of the League,

I have, &c.,

WILLIAM C. DALDY,
Chairman, General Committee, Railway Reform League.

No. 12.

The RAILWAY COMMISSIONERS to the RAILWAY REFORM LEAGUE, Auckland.

SIR,—

Wellington, 3rd April, 1890.

In reply to your letter of the 24th ultimo, I am directed by the Railway Commissioners to point out that your reference to the parliamentary report is incomplete, and that, by omitting the greater part of the expression of the Committee's opinion, a false impression is liable to be conveyed. The Committee expressed its opinion, with reference to a trial of Vaile's system, that the local bodies should be rated to recoup any loss of revenue which the trial might entail.

The Railway Commissioners have previously informed you fully of what they are prepared to do, and have nothing further to add.

I have, &c.,

E. G. PILCHER, Secretary.

APPENDICES.

APPENDIX A.

COPY of the CIRCULAR of the RAILWAY REFORM LEAGUE, Auckland, forwarded to the RAILWAY COMMISSIONERS, Wellington.

SIR,—

Railway Reform League Office, Auckland, 1889.

I have the honour to notify you of the formation of a Railway Reform League in this city, and I am directed by the general committee to invite the active co-operation of your——

There is no subject of greater importance to the colony than that of its railways, though, unfortunately, the vast moment of the subject has not, so far, secured for it that measure of efficient control and rational management which it requires, and which the country is entitled to demand. The cost of these railways constitutes a burden under which the whole colony is weighed down and depressed. It will continue to languish from this cause until measures are devised for working the railways on such a system as will lend effectual aid to the task of developing, to the utmost attainable extent, the products and industries of the country. The railways exist: they must be so utilised as to convert them from a burden into an active co-operative power in the extension of production and promotion of settlement, *i.e.*, the development of our resources and the increase of our national wealth.

"This is the object of the League, and, in its endeavour to obtain such a rectification of the "system of management as will more effectually knit the country producing districts with the "centres of industry and population, and both with the outlets of trade, the following are the "principal points which it has, as yet, adopted as its platform, *viz.* :—

- "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.
- "4. A reduction in the charges for the conveyance of passengers and goods.
- "5. A simplification in the classification of goods.
- "6. A simplification and amalgamation of terminal, weighing, cramage, and other charges."

The general committee trusts that a local league will be formed in your , to co-operate with the central League in Auckland.

Funds will be required to carry on the work of the League, and it is suggested that these could be more economically and efficiently administered by the general committee of the central League.. The amount of entrance subscription fixed for the Auckland League is not less than five shillings (5s.); it is, however, not intended to limit subscriptions to this amount, and several members have subscribed £5 5s. each to our funds. The committee will be happy to receive subscriptions from all who are interested in its objects, even from such as may not desire to enrol themselves as members.

The committee would impress on you the special importance of its efforts in respect of country districts, the chief object of the League being to minimize the disadvantages of distance so far as regards the cost of transit, and so practically to bring the chief markets and outlying country districts into close relations.

Any member of the branch committee will be entitled to attend the meetings of the central committee, and chairmen of branch leagues will be *ex officio* members of the general committee.

The general committee trusts that you will be good enough to bring this matter forward at the next meeting of your , and that you will favour the committee with any suggestions that you may be pleased to make.

The favour of an early acknowledgment of the receipt of this circular is requested.

I have, &c.,

Secretary.

APPENDIX B.

[Extract from *New Zealand Herald*, 11th February, 1889.]

GENTLEMEN,—

Railway Department, Head Office, Wellington, 1st December, 1888.

With reference to my interview with you on the 14th September about the Auckland railways and Mr. Vaile's scheme, I have the honour to inform you that the Government has considered the statements made to me, and the opinion expressed that it would be advisable that trials should be made by the Government, subject to a committee of advice. To deal with this matter comprehensively would doubtless require special legislation; but the Government is not at present in a position to form any conclusive opinion, in the absence of particulars of the scheme and proposals. Up to the present no such information has been forthcoming, so far as the Government is aware. Indications of the outline on which ordinary passenger fares were proposed to be based were stated by Mr. Vaile in a letter to the Railways Management Committee, dated 9th June, 1886 (see Parliamentary Paper I.—9, 1886), which provided for fares of 6d. and 4d., first- and second-class respectively, for seven-mile or fifty-mile stages. Beyond this no data were given, and it was intimated to the Committee by Mr. Vaile that his knowledge of the goods-traffic was not enough for him to found proper charges or proper classifications on, and that he had not considered details of the rates and regulations. The scale of rates, fares, and charges as relating to the Auckland section of the railways is enclosed, portions not having reference thereto being erased. A complete compilation of tables and regulations, covering all the traffic operations, and suitable for the daily use of all the traffic employes, accountants, and auditors would be needed to replace the system to be superseded. This would have to cover the ordinary fares, season-tickets, parcels and luggage, and charges for carriage, storage, cramage, demurrage, cartage, haulage, loading, unloading, insurance, wharfage, weighing, labour, &c., and be subject to the ordinary free-traffic in operation, such as mails, &c. Such a compilation must be in proper form, fit for issue in the *Gazette* under the hand of the Minister. The charges and regulations should be fair and reasonable: no undue or personal preferences, and no private contract would be permissible: all persons would be entitled to like treatment under like conditions. There must be proper restrictions precluding undue detentions of stock, and preventing undue and needless running of trains which may be beyond the resources of the appliances at command, or which may involve expenditure beyond what the traffic would justify. All operations as between the public and the railways in connection with such rates, fares, and charges, and regulations should, generally speaking, accord with existing statutes relating to revenue, audit, and railway-working. It would also be desirable that you should state the security which you would propose to give as a guarantee against loss by the colony should the scheme prove a failure. If you will be good enough to supply this information, the Government will be glad to give your request and proposals the fullest consideration and attention.

I have, &c.,

EDWIN MITCHELSON,

Minister for Public Works.

Messrs. S. Vaile, H. Green, A. H. Nathan, A. Bell, J. Reid, Auckland.

(Telegram.)

10th January, 1889.

The Government shortly intend setting up a Board of Commissioners for the management of the New Zealand Railways, and I should like to be informed if I may expect a reply to my letter of the 1st December last to yourself and others *re* Vaile's system of management.

A. H. Nathan, Esq., Auckland.

E. MITCHELSON.

DEAR SIR,—

Auckland, 12th January, 1889.

We have to acknowledge the receipt of your letter of the 1st ultimo, which would have been replied to sooner had not the intervention of the holidays and the many business engagements consequent upon the closing of the year rendered it difficult for us all to meet together. We would remind you that the object of our interview was to ascertain what amount of money-guarantee the Government would require from an association that was willing to lease the Auckland lines. To this question there is no reply. As the letter before us deals entirely with the details of Mr. Vaile's scheme, he has, at our request, drawn up a memorandum in reply, which we now enclose.

We have, &c.,

A. H. NATHAN.

HENRY GREEN.

JOHN REID.

A. BELL.

The Hon. E. Mitchelson, Minister for Public Works, Wellington.

GENTLEMEN,—

Auckland, 20th December, 1888.

In compliance with your request, I have drawn up the following memorandum in reply to the letter received from the Hon. the Minister for Public Works, and bearing date the 1st instant.

I am, &c.,

Messrs. H. Green, A. H. Nathan, A. Bell, and J. Reid.

SAMUEL VAILE.

(Memorandum.)

Auckland, 20th December, 1888.

In reply to the statements made in the second and third paragraphs of this letter, I may mention that a parliamentary Committee, composed of the present Premier and Minister for Public Works, three ex-Ministers for Public Works, and five other well-known members of Parliament, spent nearly ten weeks in investigating my system, and reported that "The Committee, bearing in mind the great importance of the subject, is of opinion that a trial should be given to the system on an isolated section of our railways." It is quite clear that mere "indications of the outline on which ordinary passenger fares were proposed to be based" could not be tried. When a new goods tariff

is framed, whoever does this work must have free access to the records of the department, if serious risk of severe financial loss is to be avoided. As to the numerous regulations and traffic charges mentioned, under the proposed new system fully two-thirds if not three-fourths of them would disappear altogether. They are worse than useless, and are merely so many devices for extracting from the users of the railways "all that the traffic will bear." As a rule, they have been brought into existence for no other purpose. The new system being so exceedingly simple, it would be folly to attempt to make it fit in with existing railway-working. In my opinion, it would be extremely unwise as well as unnecessary to bring the whole system into force in one day, as appears to be contemplated in this letter. It should be applied first to one branch of traffic and then to another, as the experience thus gained would be very useful and lead to the avoidance of many mistakes. I estimate that it would take six months to properly and carefully apply it to the whole of the Auckland lines. If the railways are to be leased, it is right that a guarantee should be given; but if a trial takes place under the supervision of a committee, no guarantee should be asked. It would certainly be unfair to ask Auckland citizens to guarantee a trial made in the interests of the whole colony, unless they also had an opportunity of reaping a corresponding reward in case of success. It has been my earnest wish to render the Government every assistance in my power in solving the difficult problem of railway administration, and I am still most anxious to do so. I have carefully thought out all the details of my plan, as also of the method and manner of bringing it into practical operation at any time the Government may think fit to place me in a position to do so. What I now want is such information as will enable me to fix the several amounts to be charged for the services to be rendered in connection with the various items of goods traffic. To arrive at this stage has cost me a large sum of money and a vast amount of labour: I am quite willing to give the public the full benefit of all this, but I am not prepared to place myself and my plans in the hands of the General Manager of the department, who from the very first has shown the most determined hostility to the proposed new system. I wish it to be most distinctly understood that I am not seeking either place or pay for myself. Any appointment or powers given to me I should wish to be of the most temporary nature, and merely for the purpose of introducing the new system.

SAMUEL VAILE.

DEAR SIR,—

Auckland, 31st January, 1889.

I have been informed that since your arrival in Auckland you have stated that my system of railway administration would be accorded a trial if I would define what that system is. I shall esteem it a favour if you will let me know if this statement is correct.

Hon. E. Mitchelson, Minister for Public Works, Auckland.

SAMUEL VAILE.

DEAR SIR,—

Auckland, 6th February, 1889.

I am in receipt of your letter of 31st ultimo, and, in reply, I have to inform you that the Government was most desirous of having the details of your scheme, more especially that portion relating to the carriage of goods, before it prior to the appointment of the Commissioners, so that the same might be fairly considered, with the view of having a trial made if such was thought to be desirable in the interests of the public. But, as, in reply to my letter of 1st December last, you failed to state your case, the Government had no option other than to appoint the Commissioners without making any recommendation further than a verbal statement to the effect that it still hoped you would see your way to submit your proposals for consideration. I feel sure, however, that, if you will furnish the Government with your scheme, how you propose to work it, together with other details, as mentioned in my letter to yourself and those who were associated with you, and also the form of guarantee you propose to give against loss, the matter will be fairly considered with the view of making a recommendation to the Railway Commissioners. With reference to the question of guarantee, it is only fair to state that, in the event of any profit arising out of a trial of your system, the Government is of opinion that the guarantors should participate in such profit in proportion to the risk they run.

S. Vaile, Esq., Auckland.

I am, &c.,

EDWIN MITCHELSON.

APPENDIX C.

EXTRACT of a MINUTE forwarded by the RAILWAY COMMISSIONERS with letter of 28th September to Messrs. DEVORE AND COOPER, of Auckland, for their Opinion.

* * * * *

The Railway Reform League has for one of its objects, as stated in its circular, "the total abolition of differential rating."

It is somewhat difficult for those who have studied and dealt with railway rates extensively, and who understand the magnitude and intricacy of the subject, to understand the precise nature of this object, as the term "differential rating" may cover a large field. In English law relating to railways such an expression is never met with; nor is it in American law, which is very extensive both in the individual and general State legislation.

The expression has been somewhat loosely introduced in England conversationally and critically, and during parliamentary inquiries, without a very precise meaning being attached to it. It has no precise technical meaning in railway working.

In New Zealand it has been used very loosely. It is susceptible of various interpretations, and may be held to express daily practice of such great variety, and has such different interpretations put on it by different people, that, if it is possible, it would be desirable to ascertain what is meant by the circular in this respect.

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.

* * * * *

MESSRS. DEVORE AND COOPER'S REPLY to the RAILWAY COMMISSIONERS.

DEAR SIR,—

We have given your letter of the 28th September, and the enclosures forwarded therewith, very careful consideration, and have delayed replying to it until we had obtained from various quarters some definite information as to what the Railway Reform League consider as "differential rating."

We may mention that our Mr. Cooper is connected with the League, as is the case with many professional men and merchants here, by virtue of his subscription, but is not a member of any committee connected therewith; and we may also say that the Commissioners are quite right in stating that the term "differential rating" has not received, as far as we can ascertain, any judicial interpretation either in any country under English law or in America.

We have also been unable, although we have examined the authorities within our reach, to find any precise meaning to the term in railway working, and we have no doubt that the Commissioners are correct in saying that the term has in railway technicalities no precise or definite meaning. We have therefore confined ourselves to ascertaining, as far as we were able, what the Railway Reform League here understand by the term.

The result of our inquiries is as follows:—

1. They consider "differential rating" to include and to be synonymous with the terms "discriminations," "drawbacks," "rebates," "discounts," and "allowances."

2. They define it generally as "meaning any system which gives to the controllers of railway traffic the power to alter or vary fares, rates, or charges at their discretion, or to suit their idea of the requirements of trade."

3. As particular instances of "differential rating," and from which perhaps may be gathered the more precise meaning which the League ascribe to the term, our inquiries elicited the following:—

- (a.) "Through rates:" for instance, rates from one large centre to another large centre, with higher charges for intermediate stations.
- (b.) "Rates" which can only be ascertained by inquiring at particular stations, and which are not based upon any uniform rule.
- (c.) The charge as per tariff to consignors by the railway of large quantities of goods, and the return under a system of drawbacks, discounts, or allowances of a portion of that charge.
- (d.) "Secret rating," as instanced by the following example: A secret contract entered into by a manufacturer or large producer or exporter of goods, whereby the railway company or controllers agree to take his goods at a certain rate, he on his part undertaking to pay not less than so much per month or per annum, and they on their part agreeing not to carry the same class of goods for any other person except at higher rates, both parties entering into heavy bonds not to disclose the nature of the contract. This instance cannot, we feel sure, apply to the New Zealand railways, nor to the system under which they are worked.
- (e.) Calling an ascertained distance, say 100 miles, a less distance for the purpose of charge. And the following are quoted as examples of this in New Zealand: Two instances on the Canterbury section, in one of which it is said that 31 miles is by regulation deemed to be 15 miles, and in the other 21 miles is deemed to be 15 miles, and rates for the whole true distance are charged calculated on the distance fixed by such regulations:
- (f.) Calling an ascertained weight, say of 30cwt., 15cwt. only, and charging on the lesser amount.
- (g.) Charging a rate and a quarter or a rate and a half on one section for what is only charged as a single rate on another or in another district.
- (h.) Lowering rates on one section to enable the railway to compete with road or river traffic.
- (i.) Prescribing that goods carried on one section shall be charged in a higher class than goods of the same nature carried on another section.

All these instances they consider come within the term "differential rating," and from these the Commissioners will, we have no doubt, be enabled to gather the meaning the managers of the League ascribe to the term. We cannot state precisely which of these instances the League claims to have arisen in New Zealand, except examples (e), (f), (g), (h), and (i). Each of these, we believe, they claim is either now obtaining or has in the past obtained the sanction of the railway authorities in this colony. Nor can we say whether the introduction of the "stage system" is or is not open to the same objections and liable to the same abuses as they claim arise or may arise in the present system under which the railways here are managed.

We wish the Commissioners to understand that we have in this communication strictly confined ourselves to setting forth the result of our inquiries made on the basis of the extract from their communication forwarded to us by you, and we do not pretend to give an opinion as to

whether or not the instances quoted above are sound or accurate examples of the term “differential rating,” we entirely agreeing with them that that term has no fixed meaning either in legal or in railroad parlance.

In conclusion, we think we may sum up the sense in which “differential rating” is used by the League here, in the words of section 3 of the United States Inter-State Commerce Act, as any system of rating which may tend to “give any undue or unreasonable preference or advantage to “any particular person, company, firm, corporation, or locality, or any particular description of “traffic, in any respect whatsoever, or to subject any particular person, company, firm, corporation, “or locality, or any particular description of traffic to any undue or unreasonable prejudice or disadvantage in any respect whatsoever.”

We have, &c.,

C. Hudson, Esq.,

DEVORE AND COOPER.

District Traffic Manager, Railway Department, Auckland.

The RAILWAY COMMISSIONERS to the DISTRICT RAILWAY MANAGER, Auckland.

In re your memo., No. 89/1673, of 22nd October.—“Differential rating.”

Wellington, 28th October, 1889.

THE Commissioners are indebted to Messrs. Devore and Cooper for endeavouring to learn and explain what the Railway Reform League means by “differential rating.”

The many meanings said by Messrs. Devore and Cooper to be attached by the League to the term “differential rating” might be supplemented by a great many more, according to individual views.

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.

The practice in rating in operation on the New Zealand railways does not go beyond that sanctioned by the Inter-State Commerce Act referred to.

Messrs. Devore and Cooper state they cannot “say whether the introduction of the stage “system is or is not open to the same objections and liable to the same abuses as they claim arise, “or may arise, in the present system.”

The Commissioners have looked up information supplied to the Parliamentary Committee of 1886, to whose report the Secretary of the League has referred them.

They find this “stage system” introduces such fares as the following, according to some data furnished to the Committee:—

					s.	d.
Otahuhu to Papakura, 11 miles	...	...	...	...	1	0 fare.
New Lynn to Auckland, 10 miles	...	...	...	...	1	0 "
Mercer to Frankton, 42 miles	...	...	...	...	0	6 "
Buckland to Henderson, 42 miles	...	...	...	...	3	6 "

It appears to be the defect of this “stage system” that such extreme divergencies in fares should be created. The passenger from New Lynn to Auckland is to be charged 1s. for 10 miles, while one from Mercer to Frankton is only to be charged 6d. for 42 miles.

This makes a local preference to an extent quite unknown in ordinary practice.

As Messrs. Devore and Cooper do not seem to have learned of this aspect of the “stage “system” to which the Commissioners have been referred by the Secretary of the League, you may refer this letter to them for their information.

The “stage system” is, of course, as liable to abuse as the ordinary practice.

For the Commissioners,

E. G. PILCHER, Secretary.

The District Traffic Manager, Auckland.

APPENDIX D.

MEMORANDUM in reply to the NEW ZEALAND RAILWAY COMMISSIONERS.

As with your letter of the 7th instant you were pleased to forward some printed correspondence between yourselves, your Auckland solicitors, and your local traffic manager, the League presumes that this is intended to be part of your reply.

You commence by stating that the League has for one of its objects the total abolition of differential rating, and then say, “It is somewhat difficult for those who have studied and dealt with railway-rates extensively, and who understand the magnitude and intricacy of the subject, to understand the precise nature of this object, as the term ‘differential rating’ may cover a large field. In English law relating to railways such an expression is never met with; nor is it in American law, which is very extensive both in the individual and general State legislation.”

The first portion of this paragraph clearly implies, if, indeed, it does not state, that those who have had most to do with railway-working have the greatest difficulty in understanding what is meant by differential rating. It appears to the League that this is one of the strongest arguments why such a pernicious practice should be at once abandoned. It is evident on your own showing

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.

As examples of what is done under the present system, we direct your attention to the table on page 89 of Parliamentary Paper I.—9, 1886. This shows that on the Auckland Section of railways, during the year ending the 31st March, 1886, 424,914 passengers travelled, and that they paid collectively £39,909, in the following proportions:—

Travellers of Distances of	Number of Passengers.	Percentage of Number.	Amount paid.	Percentage of Revenue.
Ten miles and under	292,949	68·9	£ 9,597	24·1
Over ten and not exceeding fifty miles	107,203	25·3	15,647	39·2
Over fifty miles	24,762	5·8	14,666	36·7

It appears to the League that such a state of things is neither fair nor desirable in the interests of the community generally.

As instances of “local preferences” now in existence, the League directs your attention to the following examples:—

First-class Passenger-fares.

	Per Mile.
Avondale to Kingsland, three miles	1s. 0d. = 4d.
Auckland to Remuera, three miles	0s. 6d. = 2d.
Avondale to Newmarket, six miles	1s. 4d. = 2·66d.
Avondale to Auckland, eight miles	1s. 0d. = 1½d.
Auckland to New Lynn, ten miles	1s. 10d. = 2·20d.
Avondale to Onehunga, twelve miles	2s. 6d. = 2½d.

For the worst example of these “local preferences” you are solely responsible. The three miles of railway between Auckland and Remuera is used by the richest portion of the community, and they are charged at the rate of 2d. per mile. The three miles between Avondale and Kingsland are used by the poorer portion of the people, and they are charged 4d. per mile, or just twice as much as their richer fellow-colonists. Passengers from Avondale to Auckland must pass Newmarket, and yet you charge them 1s. 4d., while for carrying them past this station, and two miles further on, you charge only 1s. It appears to the League that “local preferences” like these are not only unjust, but senseless and injurious to the best interest of the community. Such things could not occur under the proposed new system. It is the object of the League to introduce a system that shall be alike fair to every section of the community.

Auckland, 27th November, 1889.

APPENDIX E.

[Extract from the *Otago Daily Times*, Thursday, 13th February, 1890.]

THE ZONE SYSTEM.

The new passenger tariff devised for the Hungarian State railroads came into effect on the 1st August. We are now able, says the *Railroad Gazette*, to give more detailed information concerning it, and especially the opinion of the traffic manager of the system as to the results. This traffic is not only new but novel, having, we believe, no precedent in the history of transportation, at least on any considerable system of lines.

Regular passenger rates in Hungary have been high. The country has, for an agricultural country of its area, a large population and a small railroad mileage, conditions which we are accustomed to look at as most favourable for yielding a large passenger-income. But, while Hungary has *fifteen and three-quarter millions of inhabitants* on an area about as great as Illinois and Missouri together, and only about five thousand miles of railroad, the three thousand people per mile of railroad, which is more than seven times the average in the United States, have given a very unsatisfactory passenger-traffic. The population consists very largely of extremely poor peasantry, whose expenses must be limited to the barest necessities of life; and there are comparatively few manufacturing industries.

The management of the State railroads has heretofore sedulously cultivated the passenger traffic. While the ordinary fares have been higher than in most European countries, attempts have been made to meet the special wants of the population by means of commutation and mileage tickets, and the like. The use of these tickets at reduced rates was sufficient to show that there was a public which would travel at low rates, and would not at the regular rates; but the mass of the population continued to neglect the railroad, and long journeys among the lower classes were very infrequent. The average yearly number of railroad journeys per head of population was scarcely one in Hungary, while in Austria it was more than two, and in Germany five.

The means by which it is hoped to induce these stay-at-home people to travel is a “zone” tariff for the longer distances, and what we may call a “vicinity” tariff for local travel. The latter consists of two tickets only—tickets to the next station, which are sold at the uniform prices (whatever the distance to such next station) of 10, 15, and 30 kreutzers each for the three classes

respectively, or a little less than 5, $7\frac{1}{2}$, and 15 cents; and tickets to the second station at 15, 22, and 40 kreutzers ($7\frac{1}{2}$, 11, and 20 cents). These two patterns of local tickets serve for the whole State system. There are on these railroads stopping-places, distinguished from regular stations—signal-stations perhaps we might call them. A ticket for the next station, however, is good for the whole distance between two regular stations and for all halting-places short of the second regular station, while a ticket for a second station is good for all stopping-places short of the third regular station.

The "zone" tariff for longer distances gives only fourteen rates of all possible distances on the railroad system by ordinary trains, and as many for express trains. In the first zone are included all stations within 25 kilometres ($15\frac{1}{2}$ miles) of the place from which the start is made, for which the rates are 50, 40, and 25 kreutzers (about half as many cents, remember). Each following zone up to and including the 11th adds 15 kilometres to the distance, and 50, 40, or 25 kreutzers to the fare according to the class, so that so far the zone tariff is substantially a distance tariff roughly evened off. The 12th zone is for 175 to 200 kilometres, with the addition to the fare the same as before; the 13th zone shows a similar addition to distance, but greater additions to fares—100 kreutzers for first class, and 50 for both second and third—but the 14th is the startling feature of the whole system, for if you travel more than the 225 kilometres (140 miles) which is the extreme of the 13th zone, you are charged 100 kreutzers more for the first class and 50 kreutzers for the second or third classes for any distance, from a single kilometre up to the greatest on which it is possible to travel on the Hungarian State railroads, on which routes several hundred miles long can be made. That is, in Hungary the greatest distance for which the traveller is charged is 141 miles. For this or any greater distance his fare is \$2 third class, \$2 90c. second, and \$4 first, by ordinary trains, and \$2 40c., \$3 50c., and \$4 80c. by express trains.

Hungary is not a large country; its greatest length from east to west is hardly 500 miles, and from north to south about a third less. It is not, therefore, quite as if you could travel from New York to New Orleans, or St. Paul, or San Francisco, on any ticket bought for Albany, or Baltimore, or Elmira, or a similar distance. But the effect of the new system is similar—that is, it gives a premium, as it were, on long-distance travel—or what in Hungary is considered long-distance travel—which, with the great bulk of the population, can hardly be said to exist there now, and which the authorities appear to desire to cultivate, perhaps not solely for economical reasons. The population is anything but homogeneous. Little more than half are Magyars, or Hungarians proper, and the great bulk of the remainder belong to various and very different Slav races, with strong prejudices, the masses of each living quite isolated, with just about enough intercourse with the other races under the same rule to hate them cordially. Possibly they would get along together more harmoniously if they knew each other better; but probably industries which would bring them together in search of employment would be more effective than cheap fares, or, rather, cheap fares without the industries are not likely to have much effect.

There is one peculiar limitation to the new Hungarian zone tariff. If a journey is made through Buda-Pesth, the capital, charges are made for two zones, one on each side of that city. Suppose the distance is 600 kilometres, 300 on one side and 300 on the other side of that city—instead of paying for a ticket for the 14th zone, which is good for any distance, you must pay for two such tickets. Imagine such a provision in this country—that you could travel any distance for \$5, but if you went by way of Chicago you would have to pay that sum on each side of that city. It is easy to see what the result would be. All passengers from places east of Chicago to places west of it would go by way of Indianapolis, Peoria, Joliet, &c., and thus save half their fares. But the Hungarian rule was not made to hurt Buda-Pesth by any means. The only way to get from the railroads on one side of it to those on the other side is through it; so the chief effect of the rule is likely to be to very greatly limit the number of long journeys that can be made on a 14th-zone ticket. It is near the centre of the railroad system, though far west of the centre of the Hungarian territory. Under the circumstances, the provision is likely to be, and it is acknowledged that it was intended to be, beneficial to Buda-Pesth, by making it cheaper to go there than to places in adjacent countries. But for it, we may imagine that Vienna would profit more by the new tariff than any Hungarian city. Vienna is but a short distance from the border, and if the passenger could go from the remotest corner of Hungary to the border for as little as to Buda-Pesth, Hungarians must be unlike other people, or a very large part of them would go to the big city to trade rather than to the little city. We invite the attention of soulless corporations which have a pet city to build up to this plan.

Two railroads not belonging to the State system have also adopted this tariff system; but each line has its zones by itself, so that a long 14th-zone ride cannot be got by running from a State line upon a company's line, or *vice versa*.

With the introduction of this tariff the allowance of free baggage is abolished; but a reduction in the old charges for extra baggage is made, and the charges are made for three zones only—for distances of 50 kilometres (31 miles) or less, for 50 to 100 kilometres, and for all distances above 100 kilometres. For every piece of baggage weighing 50 kilogrammes (110lb.) or less, the charges are 25, 50, and 100 kreutzers respectively for the three zones—in connection with which we may observe that, while we pay 25 cents for our trunk for 31 miles, for 32 miles we pay 50 cents, and only as much for 500 miles. For a piece of baggage weighing more than 50 kilos., up to 100, you pay double; for any heavier piece quadruple, this latter being doubtless a fine for encumbering the train with anything weighing more than 220lb., which baggagemen outside of Hungary would like to have imposed. One of the advantages claimed for this system is that in the great majority of cases it will make it unnecessary to weigh the baggage, a practice almost universal in Continental Europe, and one which makes a vexatious demand on the time of the passenger, in some places the rules requiring that the trunks be presented at least fifteen minutes before train-time.

The whole Hungarian tariff can be presented in a very small table, as follows:—

Distance.	Ordinary Trains.			Fast Trains.		
	First Class.	Second Class.	Third Class.	First Class.	Second Class.	Third Class.
	Kr.	Kr.	Kr.	Kr.	Kr.	Kr.
To first station	30	15	10	...	...	...
To second station	40	22	15	...	...	...
1st zone, up to 15½ miles	50	40	25	60	50	30
2nd zone, 16 to 25 miles	100	80	50	120	100	60
3rd zone, 26 to 34 miles	150	120	75	180	150	90
4th zone, 34 to 43½ miles	200	160	100	240	200	120
5th zone, 44 to 53 miles	250	200	125	300	250	150
6th zone, 54 to 62 miles	300	240	150	360	300	180
7th zone, 63 to 71 miles	350	280	175	420	350	210
8th zone, 72 to 81 miles	400	320	200	480	400	240
9th zone, 82 to 90 miles	450	360	225	540	450	270
10th zone, 91 to 100 miles	500	400	250	590	500	300
11th zone, 101 to 109 miles	550	440	275	650	550	330
12th zone, 110 to 124 miles	600	480	300	710	600	360
13th zone, 125 to 140 miles	700	530	350	840	650	420
14th zone, 141 and more miles	800	580	400	960	700	480

The par value of the kreutzer is 0·48 cent.

These rates are a very great reduction from the former regular rates. A Hungarian newspaper gives the old rates from Buda-Pesth to the following points as under:—

Buda-Pesth to—	First Class.	Second Class.	Third Class.
Kaschau	16·40	...	8·20
Grosswardein	14·90	...	7·40
Klausenburg	24·10	...	12·00
Kronstadt	42·10	...	19·20
Arad	15·40	...	7·70
Semlin	19·90	...	9·10
Agram	22·70	...	11·40
Fiume	37·10	...	18·60

All of which are now superseded by the 14th-zone rates of 8.00, 5.00, and 4.00 gulden. Kronstadt is in the extreme eastern part of the kingdom, close to the Roumanian border, and this is the longest journey, doubtless, that can be made under the new tariff. The old fare to this place was about five times as great as the present one. To Vienna the new rates from Buda-Pesth are 9.0, 6·80, and 4·50 gulden, against 10·50, 7·50, and 5·50. The route for about one-sixth of the distance is in Austria.

Among shorter distances than those of the 14th zone the reductions are considerable. Thus, for a route 55 miles long the fares go down from 5·30, 3·70, and 2·70, to 3·0, 2·40, and 1·50 gulden, and for 95 miles from 9·30, 6·50, and 4·60, to 5·60, 4·00, and 3·50 gulden. The old rates were about 4½ cents per mile first-class, and 2¼ third; for this particular shorter distance they are now about 2½ cents first-class, one-fifth less second class, and one-half less fourth-class. Thus, aside from the novelties of the tariff, there is a great reduction, and the tariff as a whole is probably one of the lowest in the world. If there was much long-distance travel it would be decidedly the lowest.

With the introduction of the new tariff all of the old reduced-rate tariffs, such as round-trip, mileage, and commutation tickets, are abolished, with the single exception that “next station” and “second station” tickets are sold from Buda-Pesth in books of thirty and fifty at a reduction of 5 and 10 per cent., and a reduction of 50 per cent. will continue to be granted on the fares of parties of agricultural and other labourers travelling in search of work.

The traffic manager of the Hungarian State Railroad wrote on 27th August to a German railroad journal, which had criticised the new “zone” passenger tariff, that the result down to that time had been favourable beyond expectation. Exact figures were not then attainable, but it was evident that the traffic had about doubled compared with last year, and that about half of the increase was due to the “vicinity” tickets (tickets to the first and second stations). Even the gross passenger-earnings were decidedly larger than the year before, and whatever falling-off there might be later, it was evident to him that the serious financial loss that some had prophesied would not be realised.

It was to be expected that the travel at first would be unusually active, as those who had journeys to make would postpone them, if possible, until the new tariff (announced long beforehand) should take effect. The reports of travel for a longer period are therefore looked for with great interest.—*Railway Press*.

NOTE.—The kreutzer has a value of nearly one farthing; 100 kreutzer=1 florin or gulden—1s. 11½d.

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