

asked him whether he thought the game was worth the candle, and he did not press the point. I produce a letter, dated 21st September, 1896, in which Mr. Dalston agreed with my suggestions :—

Wellington Club, Wellington, New Zealand, 21st September, 1896.

SIR,—

Midland Railway Account, rendered at 29th February, 1896.

With reference to our conversation lately on the above subject, I understand that as the vouchers relating to the payments contained in the account rendered at 29th February last are bound up with the general Treasury vouchers, it is not possible, at all events during the session, for me to see each voucher for each item of expenditure. I shall therefore be glad if you will, as suggested by you, render the account with fuller details of expenditure; and I may add that under the circumstances I agree with your suggestion that for present purposes any particular vouchers which I may require to inspect shall be produced, but payment of the account will be made without prejudice to the company's right to see, later on, if necessary, all the vouchers relating to the account rendered.

I have, &c.,

THE NEW ZEALAND MIDLAND RAILWAY COMPANY (LIMITED),

(Signed) NORMAN H. M. DALSTON, General Manager.

The Under-Secretary, Public Works and Railways, Wellington.

Dr. Findlay : I think, sir, Mr. Bell is to be congratulated upon the very complete case he made out for you on behalf of the Crown, and I think he is chiefly to be congratulated upon the industry with which he has collected every scrap of material which tells in any way against the Midland Railway and the claims of the debenture-holders. The Recording Angel could scarcely have presented a more complete schedule of the sins of the Midland Railway Company than that which his labour, knowledge, and ingenuity furnished forth. I think I may fairly appeal to the Committee to say whether the case for the Crown could possibly have been more completely and forcibly presented, or the case for the petitioners more exhaustively or adversely criticized. Nothing has escaped the scalpel-knife of the counsel for the Crown.

The Defence of the Colony's good Faith.

He declared he was delivering the answer of the colony. Answer to what? Plainly not an answer to merely what is stated in the petition now before you; for the main portion of his address was an answer to charges against the good faith of this colony. I should like to know who made these charges. Certainly not Mr. Coates or the other petitioners now before you. They were charges which have in the past been made by a section of the debenture-holders who had no official or other authority to speak for the whole of the debenture-holders. The conduct of these petitioners, at least in petitioning the Stock Exchange, was reprehensible, but why the whole body of the debenture-holders should be punished for their action does not appear very clear. Neither Mr. Parker, the first Receiver, nor Mr. Young, who succeeded him, nor Mr. Coates has ever reflected on the good faith of this colony; and I gave this Committee such assurance as I could that neither in this petition nor in any other way did we reflect on that good faith. I submit, therefore, that the whole of Mr. Bell's elaborate defence of the good faith of the colony is irrelevant and unnecessary: ingenious, no doubt, and admirably calculated to confuse the position and the issues which I strove to place before you. It would seem, in my humble opinion, that counsel for the Crown really laboured this "injury to good faith" side of his case in the spirit of one who sought justification for a reprisal. I put his plea bluntly thus: We have taken your (the debenture-holders') line of railway and we are going to stick to it; but then you reflected on our good faith and the account is squared. I do not care what the avowed reason for it may be, to me it seems, on calm perusal, that Mr. Bell's artistically presented *rechauffé* of everything that has been said, written, and done in the wretched past by unauthorised debenture-holders against this colony was largely addressed to prejudice, and not to the grounds and prayer for equitable treatment of this petition.

Mr. Bell : It would be only fair for me to say now, that if any words I used appear to have that effect I had no right to use them or to so address the Committee. But you will find in my speech that I say on behalf of the Crown that it desires the Committee should not be affected in coming to its decision by the action of these gentlemen at Home. I said that on the part of the Government, and I repeat it now: that if any word of mine can be interpreted as conveying such an impression, it is not the desire of the Government that it should be so, and I do not desire it.

Dr. Findlay : Of course, I accept Mr. Bell's assurance as he accepted mine when I told him at the beginning that we did not reflect on the good faith of the colony, and that the word "illusory" did not bear the meaning which he said it was capable of bearing. But I must say now that, whatever Mr. Bell's intention may have been, his elaborately prepared statement of what the debenture-holders at any time did or said in England will bear the impression that it was an address to prejudice, and not an answer to the petition. I stated and reiterated in my address that Mr. Coates, representing as he does the whole body of debenture-holders, representing as he does an influential committee which has also addressed you, makes no charge of want of good faith on the part of the colony. We have said, and I now repeat it, that we admit the colony has done no more than strenuously stand upon and exercise its strict legal rights. The exercise of these strict legal rights has resulted in great hardship, but that is a very different thing from acting *mala fide*. The pursuit of one's legal rights to the very last letter may be harsh and reprehensible; it cannot be *mala fides*.

The Case for the Debenture-holders.

I now put the debenture-holders' case on two broad grounds: (1.) We were induced to lend our money by our reading of the provisions of your Act of 1884. That our reading was wrong the Privy Council has definitely settled; but that our reading was a natural one and a *bona fide* one we emphatically still maintain. And, more, I will show that the colony, the debenture-holders, and the Crown thought so, and that all parties acted on the faith of that belief. (2.) If a reasonable but, in law, unsound construction of one of this colony's Acts led us to lend our money on a