

when I first had the honour of meeting Sir Joseph Ward, I gave lectures throughout the country, and Sir Joseph will no doubt remember the incredulity with which the Invercargill Chamber of Commerce received the statement at first. I had a terrible fight with the Chambers of Commerce; they thought I must be wrong on the system of averages, and said so. Many of the gentlemen on the committee of the Chamber of Commerce at Christchurch thought I was wrong, and it was only on a second occasion of meeting them they admitted that I was right on the question of calculating the averages. I never felt the least angered at the opposition I met with, and was only surprised I got on as well as I did. However, the matter being one of very great importance, I stuck to it, and worked at it to the best of my ability; and those present will know that from time to time it has commanded a great deal of attention in Parliament, and I hope the time has now come when we may really try the system and see if there is anything in it. One of the most striking proofs that shows I have been right is that afforded by Russia and Siberia. Mr. Ronayne will no doubt be aware of the fact that in Russia, for 200 miles from the chief centres, they have retained the old system, and are charging the old fares and rates. After 200 miles the zone system comes in, and by means of this system they have been able to do things which could not possibly have been done without it. In Siberia there are 5,000,000 square miles of territory, and at the time they started the zone system there were less than four millions and a half of people occupying that enormous territory. I think that is a complete and satisfactory reply to the question of whether the stage system is adapted to a thinly populated country. There is a work published by a Mr. Arnot Reid, in which he speaks of this system and its working in Russia and what it has done. This is what he says about the management of the Trans-Siberian Railway: "The whole country traversed by the railway is divided into zones of a certain mileage, and the charge for travelling is so-much within each zone, without regard to the actual distance the traveller may proceed. The zone system is by no means peculiar to Russia, but is, I think, carried out, unless my memory leads me wrong, in Austria and elsewhere with much success. It has been found to be an exceedingly useful system for developing the use of railways by populations that are new to railways; and, while I do not suggest that it is in any way applicable to Britain, it is a system that I should be inclined to recommend on any new railway in any new country." As I understand this matter, on the 1st December, 1894, the Government of that country applied the zone system to their railways for all distances exceeding 200 miles; for all shorter distances from their large centres the old system was retained. The passenger revenue of the Russian lines for the previous year had been £8,061,754, but the Russian railway experts calculated that the introduction of the new system would reduce the year's revenue to £6,167,552; it, however, wound up with £9,183,333, or £1,121,579 more than the previous year, and £3,051,781 more than the railway experts calculated on. I may mention that copies of my pamphlets were sent to the British Consul and Ambassador at St. Petersburg some years before this took place. So that the progress of events in the world has shown that the main financial theory on which I worked has been correct. With regard to fares, I proposed to reduce the passenger fares generally to, as nearly as possible, an average of one-fifth of the then charge, and in Hungary they adopted that exact figure. I have that on the authority of the Hungarian Minister, that that is the proportion on which they worked. They undertook to reduce to an average of one-fifth, and the result has been a most marked success. Well, in laying down the new system I had to bear in mind that at that time the universal statement was that railways were "commercial institutions" and must be made to pay, and that influenced me somewhat in the way I laid down the position of the stages, and the Hungarians and others have followed that plan. I have since published that I did not think the system was quite right from a social and land-settlement point of view, but I was tied down to it by the question of finance, as I knew it was useless to advocate any reform that would not give an immediate paying result. My contention has always been that the roads of a country absolutely govern it, and that railways, wherever they exist, are pre-eminently its great highways, and therefore we ought to devote our most special care and attention to their administration. I have never considered that the question of direct payment should be the first consideration to be thought of in using a railway; I believe that they ought to be used for the promotion of land-settlement and the convenience of the inhabitants far more than they ought to be used for the mere purpose of making money. But I take up this ground: that if they were really used for the convenience of the public they would pay an amount of revenue that they cannot possibly be made to pay under the present system. I consider that the permanent-way of the railway should not be asked to pay interest on the cost of its constructions any more than the macadamised roads should pay interest. As regards macadamised roads, the users do the conveying themselves or pay somebody to do it for them, therefore it is perfectly right that on a railway there should be a charge for the conveying, and that charge should include a fair profit; and if we only looked to that the profit would be so enormous that not only would it pay interest on the railways constructed, but it would also give us a sufficient sum of money to go on constructing railways out of revenue. I am as certain of that as I am of speaking here now. Of course, when I was giving evidence before the last Committee I had not the opportunities that I have now, and the officials of the Railway Department, of course, had largely the advantage of me in many ways. Now, here is the return, which we all know something about:—