

remarks to the same effect. In February, 1886, Mr. Richardson, the Minister for Public Works, makes the same statement. He says, "The population is at the two ends of the line, and the traffic would nearly all be that which pays best of all to a railway—namely, with long carriage. I estimated last session that the traffic would return a net profit from the opening of the line of at least 2 per cent., and I feel sure that I am within the mark." That is from the Minister for Public Works in February, 1886. In the same month the Colonial Treasurer adopts the statement of Mr. Bowen, and says, "The advocates of the East and West Coast and Nelson Railway are satisfied that it will pay better than any other railway projected in New Zealand." But still further to strengthen this ground the Public Works Minister, in his place in the House, in dealing with the Meiggs proposals, and taking as his basis the figures furnished by the Public Works Department, says that the railway must pay 2 per cent. from the start. He says, after giving full details of his grounds, "I am not prepared to say that the colony should undertake the construction of these lines under the proposals as telegraphed from Home"—the Meiggs proposals—"without very fully considering them. I look upon it myself that the request for a guarantee was more to ascertain whether we had any *bona fides* in the value of the line or not. The asking of a guarantee like this would, of course, be a safeguard to them, and I believe it was asked really to ascertain whether we believed the line would or would not pay. For my part, I have shown to-night that there is every reason to believe that the line will from its very commencement pay as well as any line that we have yet constructed in the colony. These statements going Home impressed the people there with the fact that the Government of the colony were sponsors for the assurances which had been given to them, and they accepted the figures which the Public Works Minister said were substantially correct. Mr. Richardson said, in the same speech, that he was relying upon reports made by public officers after taking all the evidence they could get on both sides of the Island, and that his own department had gone into the figures and thought the estimates fair. I do not wish to weary the Committee with further quotations, but it will be apparent that these statements were sent Home, and that they lost nothing in the colouring, which was given to them by the promoters, who used them as their principal authority for the statement that the line would be a paying one, and it was largely upon those statements that the persons solicited for capital—the debenture-holders—advanced their money. In *Hansard*, Volume 58, 1887, page 606, it will be found that Sir Julius Vogel, the Colonial Treasurer, says,—

"It is not to be supposed for a moment you can induce persons to bring three millions of money into the country and spend it in an undertaking of this kind without giving them the prospect of large profits. Surely we are not so selfish as to wish the company to spend its money and not reap any adequate returns. The country is there, and will be shut up for generations unless there is a railway made. The company come down and undertake to construct the railway, which is of a speculative nature, but they are induced to undertake it on account of the prospect of considerable profits."

Now, it is quite plain that Sir Julius Vogel, speaking thus, no doubt with a full sense of the responsibility of his position, anticipated that this railway would be a profitable concern—speculative as such concerns must necessarily be, but, still, that it would be a profitable undertaking. It seems only natural that people in England, living so many thousand of miles away from the place where the work was to be undertaken, should take as correct a statement made by the Ministers of Her Majesty's Government. I do not say more than that the Government were oversanguine of the results, but the sanguine view which the Government took had a powerful influence in the promotion of the company. The whole of the variations in the original contract were brought about by direct correspondence between the Government and the company, and I submit, from the whole surrounding circumstances, from the statements of Ministers of the Crown, and of the course of the negotiations, the people at Home were led to believe strongly that the Government of the colony would treat them with the greatest generosity, and that every help would be given to them to carry out the work which the colony needed. Of course, business is business, and we may be met by my friend Mr. Bell by saying that we should not have expected more than a strictly legal interpretation of our contract. That answer would be quite right in a Court of law, but I submit it is not so here, where we come as suppliants only. I say that these statements of Ministers here were really largely the means of enabling the promoters to borrow the money they did to carry on the work. They raised £250,000 by shares, and they obtained about £750,000 or more by the issue of debentures. The shares were fully paid up. I ask, therefore, whether, in view of the early circumstances of the undertaking, and the spirit and tone of the encouragement which the Government gave them, the company were not justified in the representations they in turn made to the debenture-holders, expecting as they did the most helpful treatment from the colony? I submit that where there was under the contract a discretionary power in the Governor or the Government of the colony the company was led to believe that that discretionary power would be exercised in the most favourable way towards this enterprising company. Of course, I do not now say for a moment that their belief was prudent, for, of course, the strict maxim of business must be Shylock's: "It is not so written in the bond." We cannot now complain at the Government saying, "We were dealing with you at the extreme length of the arm of our legal rights and demanded our full pound of flesh." That day has passed, and we are now meeting the Crown in a different way and on a different platform. I submit, then, that largely on these sanguine expectations which were put forth by the Government the company raised its shares and obtained the debenture-capital which it required, and the disappointment of these expectations was largely the cause of the company's failure. Let me turn now to other disappointments. It will also be remembered that at the time this company was floated there was no graduated land-tax in the colony. That came in afterwards. It was anticipated by the company that the line would open large tracts of land, and that there would be a great increase in the traffic on the line; that settlement would be promoted, and the lands granted to the