

both Rakahanga and Penrhyn, and hope to be able to find time to deal with these once and for all before next summer. When this has been done the permanent peace of each island will have been established.

I have, &c.,

W. E. GUDGEON,

Resident Commissioner.

The Hon. C. H. Mills, Minister for the Islands, Wellington.

#### No. 4.

SIR,—

Rarotonga, Cook Islands, 1st June, 1904.

I have the honour to forward for your information two letters from the traders of Messrs. Donald and Edenborough, which will probably be of interest to you in so far as they disclose the method of business carried on here.

Under the present system the people of Penrhyn have a right to impose a *ravi* over any part of their lagoon, but there is reason in Captain Harries's letter, and I have therefore told the people that though I cannot make them dive for shell if they will not do so, yet I will not allow them to prevent others from so doing.

As to the Rakahanga letter, I have made it very plain to the people that a *ravi* must apply with equal force to all persons, whether European or Maori, and this they freely admit; but I am not for one moment deceived as to their movements, and I am quite sure that the *ravi* will be used against the European trader whenever my back is turned to the island, and that the trader will never be able to prove anything against those who are responsible for the *ravi*.

I would point out that the Traders' License Act does not apply to either Manihiki or Rakahanga, and therefore Mr. Ward can claim no special protection; and it seems more than doubtful to me whether I ought to interfere in such a case, other than by insisting that the *ravi* should bind all men equally, and this I have done.

Had any of the Native owners complained of unequal treatment I might have done something; but clearly the Natives stand on one side and Mr. Ward on the other.

I have, &c.,

W. E. GUDGEON,

Resident Commissioner.

The Hon. C. H. Mills, Minister for the Islands, Wellington.

#### Enclosures.

SIR,—

Penrhyn Island, 14th May, 1904.

I beg most respectfully to draw your attention to the following: In response to strong appeals, I supplied to the London Missionary Society's church here certain building materials, &c., amounting in all to some £300, and in doing so it was perfectly well understood that the Natives would continue diving, and so obtain shell towards the reduction of the amount advanced as named above.

On my arrival a day or two back I found that the people had paid nothing, either in shell, other produce, or cash, but had placed a *ravi* on the shell diving, thus preventing anything being done towards lessening the amount of their debt. As the material was supplied for what I considered was a necessary, important, and a public benefit, the building of a church, I feel that some instructions could be issued that would insure instalments being paid towards the reduction of this debt. It will be readily understood that I would never have given out so large a debt to any single person or irresponsible body of Natives.

Trusting to learn that before you leave here some satisfactory arrangement or order may have been made by you that will secure the early settlement of this large debt, I beg to remain, sir,

Yours, &c.,

THOS. HARRIES.

Lieut.-Colonel W. E. Gudgeon, C.M.G., New Zealand Government Agent.

SIR,—

Rakahanga, 18th May, 1904.

I wish to take this opportunity during your visit to this island to acquaint you with the very unfair way that this Island Council carry out their laws, in regard to the law of *ravi* in particular.

There is a store here on this island (named by them the Store of the Au), with which all the members of this Island Council are connected. It has been the custom here for that store to give out all their goods on debt to the Natives, and then they, or the Resident Agent, give permission to these debtors to go to the *Enua ravi* and get their cocoanuts to make copra to pay up these debts. The consequence is that, when the time arrives for the opening of the *ravi* proper, there are very few cocoanuts left for the other traders to buy. I think this very unfair to other traders resident on this island.

For instance, during the last *ravi* this island store shipped 9,000 lb. of copra, and had again on hand in their store another 16,000 lb. of copra before the time arrived for the opening of the *ravi* proper. Their store-books will show that this statement is correct.

The Resident Agent (Panapa) gave the stores on this island notice that on and after the 17th December, 1903, any debts given out to the Natives would not be recoverable by law; but this island store paid no regard to the notice, and gave out debts to the amount of nearly \$2,000, and