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W. G. Ripper

IRISH RAILWAYS

Oct. 1886

AND

STATE PURCHASE.

BY

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The following letters, which appeared in the *Times* some years ago, were written at that period to give expression to my views on Irish railways and the State purchase of railways; more recently a Select Committee of the House of Commons on Irish industries naturally made inquiry into the principles upon which Irish railways are conducted, and some extracts from my evidence, with notes upon the subject generally, may perhaps be interesting, having regard to the possibility of Parliament dealing with the question—at least, further inquiry is to be made by a Special Commission appointed by the Government.

I have ventured to publish this pamphlet in the hope that it may assist in settling an important National question, alike in the interest of those to whom Irish railways belong, as well as for the welfare, and further development of the industries, of Ireland.

GEORGE FINDLAY,

Assoc. Inst. Civil Engineers.

LONDON, October 1st, 1886.

By Treasury Minute dated 15th October, 1867, a Royal Commission was appointed to inspect the accounts and books of any railway company in Ireland during a period of three years previous to the date of the then last half-yearly account, and to examine the stations, works, &c., of any railway company in Ireland, with power to call for documents and examine on oath; the Commissioners being directed to understand that their inquiry was to include all Irish railways, whether completed or not, "and to be directed to all the facts which the Commissioners might consider that a prudent person or company would require to be made acquainted with as a preliminary step towards entertaining the question of purchase as a commercial speculation."

This Commission made a full and careful investigation, and a voluminous report of their proceedings, dated 30th April, 1868, was submitted to both Houses of Parliament.

The Lords Commissioners of the Treasury, on the 29th May, 1868, called upon the members of the Royal Commission for the following further information:—

1. An approximate estimate of the immediate loss which would probably be occasioned by such a reduction of fares on the Irish railways as would assimilate them to the principles on which charges are levied on the Belgian lines, and the opinion of the Commission as to the probable period that would elapse before the increase of traffic to be anticipated from the reduction of fares would overtake the whole or a moiety of the loss to be incurred.
2. An estimate of the saving to be effected by the concentration of establishments under one or more administrative departments.
3. An estimate of the diminution of charge which could be effected by placing the whole of the debenture capital on an uniform rate of interest under Government guarantee.

In pursuance of these instructions the Royal Commission undertook a further inquiry, and on the 7th December, 1868, submitted a second report to both Houses of Parliament, the net result of which was to show that if the scale of rates and charges in operation upon the Belgian railways were applied to the railways of Ireland, as suggested in the letter from the Lords Commissioners, there would be an annual loss of £655,266 out of the total receipts of £1,726,444, or, say, 42 per cent. of the receipts from passengers, goods, and live stock.

No action was taken upon either of these reports.

IRISH RAILWAYS.

To the Editor of the "Times."

SIR,—The circumstances in connection with Irish railways have been prominently before the public continuously since the Royal Commission on English railways made their report in 1866, and so much has Her Majesty's Government been pressed upon the matter that a Royal Commission was appointed in October, 1867, "to inspect the accounts and books of any railway company in Ireland during a period of three years previous to the date of the last half-yearly account; to examine the railway stations, works, &c., of any railway company in Ireland; with power to call for documents and examine on oath, and report as to the value of Irish railways," &c., which in round numbers they stated to be 1,908 miles completed, and carrying traffic of the value of £27,527,286, with a revenue of £852,342 per annum, and that 252 miles remained to be constructed, at an estimated cost of £782,344 (including rolling stock). The report itself constitutes a most valuable collection of information and statistics compiled upon the most reliable data, after a careful examination by competent engineers, managers, and accountants of all the information that was requisite to arrive at so important a result.

The cost of the Royal Commission was considerable, and it was evident much time and valuable experience had been thrown away unless the Government really meant to act upon the suggestion of purchasing Irish railways; in fact, it was patent to everyone at all conversant with the case that it was like putting the cart before the horse

to make such an inquiry and report until the policy of the Government and the Legislature had been determined; hence a second examination and inquiry by the same Commission has resulted in a report which, after making a careful and detailed comparison between the working of the Belgian State railways and the Irish railways, sums up by recommending the purchase of the latter by the State, the reduction of existing passenger fares and goods and cattle rates varying from 30 to 60 per cent. on the existing rates, and resulting in the gross annual loss of £525,000 per annum on the working of the lines by Government, with the estimate that at the end of 11 years there may be a probable surplus.

How far the estimate and calculations of the Royal Commissioners are likely to be borne out by fact, and how far it is likely to be found practicable to carry out the system of State railways in Ireland, I propose briefly to examine.

The working of 1,908 miles of railway and the employment of 12,335 men by a department wholly under the control of the Executive Government would be such an engine of political influence and patronage that I think no Parliament is likely to sanction.

The alternative proposed by some experienced witnesses examined before the Royal Commission in 1866 of working the lines by contractors cannot be seriously entertained. The difficulty of drawing the correct line for expenditure of revenue or capital in the maintenance and renewal of permanent way and rolling stock opens a door that would result in litigation between the contractor and a strict and careful Board, or, to one less so, of wholesale diminution in the value of the property, to the benefit of the contractor.

It is therefore evident that neither of the two alternatives will be adopted, and I propose, after shortly glancing at the proposals of the Royal Commission to reduce the rates and fares, to state my own views as to the course that may be adopted with advantage alike to Ireland and to the Imperial Exchequer.

The Royal Commissioners state:—

“That to give an impetus to the intercommunication of the inhabitants and the moving of goods from place to place, and to and from the ports, and to promote the increase of the cattle traffic, already so valuable in Ireland, and generally to develop traffic to an extent calculated to overtake at no very distant period the effect of the lowering of charges, it is necessary to make at once a large reduction, and after a certain fixed *minimum* charge to make the mileage (reduced) scale for the several classes of traffic applicable to all distances.”

In this recommendation the Royal Commission have, while only looking at part of the question, quite overlooked the more important question of cross-Channel traffic—*i.e.*, traffic between Ireland and England and Scotland; and while I admit that some modification of the existing local charges on Irish traffic may be necessary, I must say that the experience of railway men, and notably of the gentlemen who have signed this report, is opposed to the adoption of an universal mileage scale, the effect of which would be, so far as regards Ireland, to concentrate traffic for exportation on a particular port, whether the advantages and facilities for its further transmission to England were attended with the best public results or not. As an instance of this, traffic from the west and most important parts of the Great Southern and Western of Ireland would be centred on the ports of Cork and Waterford, although for the greater part of England Dublin presents advantages over either of these ports in the short sea passage and frequency of communication.

The principle that rules in cross-Channel traffic now is that from point to point—*i.e.*, from the station in Ireland to the station in England—by whatever route the traffic is carried, the rate charged to the public is the same.

It is only within the last few years that through booking of goods and partially of cattle traffic between stations in the interior of Ireland and England has been established at such moderate rates by all routes as has resulted in a large increase of traffic.

What guarantee have we that, under State management, these through rates will be continued, or that, if the Government are disposed to reduce the proportion payable to Irish railways, the steam packet companies and the English railways will not increase their charges? After all, the rates for this traffic will be fixed upon the commercial principle of supply and demand—sometimes higher, sometimes lower—and it has never been urged that the cross-Channel charges have been so high as to prevent cattle or Irish produce finding its way into the markets of this country. Therefore it is that I object to the wholesale plan of reduction proposed by the Royal Commissioners, which is based upon insufficient data and experience, and by a comparison of things so totally unlike as the Belgian and Irish traffic, and while, in fact, the question of reduced passenger fares in Belgium is only on its trial.

Admitting that Irish railway enterprise has not been so successful as it might have been, yet we must recollect that the following railways

have been quite as prosperous as many English railways of like standing:—Great Southern and Western, Midland Great Western, Ulster, Belfast and Northern Counties, Dublin and Belfast Junction, Dublin and Drogheda. These represent 1,124½ miles of the total mileage.

The number of smaller lines that have been unsuccessful have been projected (mostly by speculators and contractors) through the poorer parts of the country, and they have resulted in much advantage to the districts that they serve, but have, in many instances, yielded a revenue barely equal to the working expenses; and it is the voice of these latter companies that has been raised most lustily, *ad misericordiam*, in the appeal to Parliament for assistance. No one has seen the chairman of the companies I have mentioned in such doubtful company, dancing attendance upon the Irish Secretary, asking for temporary loans, or staving off the evil day of repayment.

If I am correct that certain railways are moderately successful, and that the others, and smaller lines, are not, and require assistance, what, then, is the correct remedy? Is it to adopt the whole as State railways by compulsory purchase—certainly at a price beyond the estimate of the Royal Commissioners; or is it not better to alter and adopt the existing state of affairs, retaining as far as may be the principle of management that prevails at present? My plan would, therefore, be as follows:—

1. That Government should be empowered to advance loans on the debenture debts of all the Irish railways at an average rate of 3½ per cent. for long periods, and render assistance in other respects.
2. That, in consideration of such loans and assistance, power should be given to the Government to appoint a director on the boards (as on the Indian railways) of the Irish companies, who should have the veto and the power of regulating the tariff of passenger and goods rates, whether for local or cross-Channel traffic.
3. That in the south the Great Southern and Western Company should be empowered to work and lease, subject to Government control, all the smaller lines in the district.
4. That the Midland Great Western should in like manner work and lease all in the midland district.

5. That the Ulster and the coast companies should do the same in the northern districts.

This would result in three distinct and separate boards working and controlling the traffic of the several districts. It should be compulsory for all the companies to book through by all routes at equal rates and fares to ports and places in England. It will be easily seen that such a system under modified Government assistance and control would obviate the many political and vital objections to the absolute purchase and working as contemplated by the Royal Commission.

In a hurried sketch of this matter it has been impossible to dwell much in detail, but if an opportunity permits I may, if you will allow me, do so at another time.

14th January, 1869.

To the Editor of the "Times."

SIR,—In the letter you were good enough to publish on the 15th inst. I pointed out briefly the objections that occurred to me in the proposal that the Government should purchase the Irish railways, and work them as a department connected with the State or by contractors, and to the inconsiderate and general reduction of fares and rates recommended by the Royal Commissioners. I also stated the plan that in my opinion would be best adapted to meet the peculiar circumstances of the case. By a modified State control in return for certain Government assistance positive advantages would result alike to the country and the shareholders, with little or no charge upon the public exchequer, and by the adoption of the recommendation made by the late Lord Dalhousie, many years ago, of a territorial arrangement for the railway system of the country.

Upon a subject of such national and vital importance there must of necessity exist much difference of opinion, and to the uninitiated the general view that Government railways have been successful in Belgium and Germany will be a sufficient argument to prove that of necessity they must be equally so in Ireland. But you have already shown most conclusively that there is no comparison either of traffic or geographical position by which the Belgian and Irish railways can be fairly tested, and, not being alike, that clearly the same results cannot be attained from the adoption of the same State policy.

But if we suppose for a moment that the course indicated by the Royal Commissioners was really adopted, that the railways were purchased, and that a Railway Department of State was appointed to work them on the principles set forth in the report, what would be the difficulties that would have to be met?

Every one conversant with the traffic of Ireland knows the power and importance of the steamship interest, and the influence the Steamship Association exercises, not only upon traffic questions between Ireland and England, but on all matters affecting their interests in the ports and harbours of the country arising from time to time before Parliament, which is watched by a special committee every session, and which, in a "whip," has caused the Government policy to bow frequently to its influence.

Well, then, the Government, having once embarked in State railways, and become common carriers alike of passengers, goods, and cattle, with all the responsibilities that the present law attaches, will at once find themselves in active competition with the steamboat interest, not only for cross-Channel traffic between Ireland and England, carried partly by rail and partly by sea—as, for instance, that carried from Cork to Liverpool *via* Dublin, or from Londonderry to Liverpool *via* Belfast, as against that carried between the same ports by the long sea route—but for traffic carried between port and port in Ireland, such as between Dublin and Belfast or Belfast and Londonderry. The result of this competition was so effective some years ago that up to the present time I believe the railway companies between Dublin and Belfast pay to the City of Dublin Steamship Company an annual subsidy to prevent a recurrence of it.

Under these circumstances, will the State be content with the mileage scale policy of the Royal Commissioners, or will it work the lines upon the usual commercial principles, with a view to make the most of the property in the interest of the State, without sacrifice to the steam packet companies, or will it be prepared to subsidise the steam interests?

With a Railway Department in Ireland, is the State to be a common carrier and insurer of goods on land, and to accept the present risk as to water conveyances? For it is well known by the legal profession that local booking to the port will not limit the liability of the carrier as to a through consignment—for instance, a lot of goods or cattle consigned from the interior of Ireland to a place in England;

the loss or damage occurring in this country would rest upon the State department originally forwarding the traffic. If the liability by future legislation were limited to the port of embarkation, would it be in the public interest that a similar limitation, which must inevitably be applied to railway companies sending traffic from England to Ireland, should be made?

What of Lord Campbell's Act, passenger duty, and other taxes? Will the Government accept the present responsibility? Or, if not, are they prepared to give the same measure of relief to England as may be thought necessary in Ireland?

Nothing, in my opinion, will be so calculated to weaken the public safeguards in this country upon the question I have named as a Government Railway Department in Ireland, for it is inevitable that whatever principle Government apply to railways in that country must sooner or later rule in this. Therefore, before adopting the policy of the late Government, as indicated by the report of the Royal Commissioners, these questions require serious consideration, and the result will be that, notwithstanding the exceptional character of Irish railways, the State cannot take the place of the present companies with advantage.

That some assistance may be given I have previously shown, and any one perfectly acquainted with the Irish railways will readily concur in the territorial arrangement I have suggested, making the large companies the contractors to lease or work the smaller ones, on long leases, with a Government director attached to each Board to see that the public get the full benefit of the State assistance in reduction of rates and fares equal to the reduction in interest on loans and debentures covered by the State guarantee. It would be necessary that the Government representative at the Irish boards should be attached to the department of the Irish Secretary, who should be responsible to Parliament for the policy in connection with Irish railways.

London, January 18, 1869.

THE STATE PURCHASE OF RAILWAYS.

To the Editor of the "Times."

SIR,—The question of the purchase of railways by the State has not been materially advanced by the recent discussion at the meeting

of the Statistical Society; extreme views appear to have been advocated by those in favour of the policy, as well as by those opposed to it. It is evident, therefore, the subject requires more careful consideration before a proper conclusion is come to.

I do not propose to analyse the financial arguments further than to say that the natural increase which has been effected in the value of railway property, especially during the last four or five years, has led ordinary shareholders and those practically acquainted with the subject to estimate the value of their property as an increasing one which, in the absence of any great European or political crisis, will equal in a like period what has already been realised. Taking the value of debentures, debenture stocks, and preference shares at an amount easily calculated on their guaranteed dividends, the State, in addition, must pay largely in excess of the present value and something for goodwill for the ordinary stocks, and I believe the elasticity of the railway revenue would secure an adequate return on the outlay.

If the financial operations were completed, and the public mind made up on the subject, there would be no financial risk except the magnitude of the operation to contend with; nor, notwithstanding the manager of the Midland Company's arguments to the contrary, would it be impossible for a staff of State officials to work the railways as efficiently and as well as they are now worked. Speaking as a mere question of discipline, order, safety, and regularity, it would be surprising, with a highly-trained staff ready at hand, were it otherwise; and it is not consistent with our character as Englishmen to admit the contrary.

It is not, I believe, either on the financial or practical aspects of the questions that the matter must be settled, if at all, but on the grounds of political economy, as affecting the industries of the nation and the character of the people.

First to be considered is the appointment and control of a staff of 300,000 men, the position and responsibilities of the executive officers to each other, to a governing body, and of that central authority to Parliament. The staff of men comprises all classes, from the navy and platelayer to the engine-driver and highly-trained mechanic, and, in addition, clerks, accountants, and higher officials; but supposing the difficulty of patronage and promotion to be fairly adjusted, is the Government prepared to come in contact with trades unions, and to deal practically with the constant agitation going on among all classes

of railway servants for shorter hours of duty and higher pay? In the case of a strike, and of trade brought to a standstill in any particular locality, must they not give way immediately to the men to save the larger loss to the public? How would the railway traffic of the metropolis have been carried on if all the goods porters had made common cause in the strike which occurred at the London and North Western stations last summer?—not an unlikely event, if the whole railway system were in one hand.

The magnitude and constantly increasing operations of the companies as common carriers, the enormous establishments for the collection and delivery of goods traffic, the speed and regularity with which it has to be conveyed, and the hard and almost impossible task of satisfying the public requirements, render this one of the most important branches of the inquiry. The adoption of this branch of the business by Government would inevitably lead to the withdrawal of existing facilities—such as the free warehousing of goods, clearing and shipping at the ports, long credits, and others equally important—which would lead immediately to the re-establishment of the old system of carriers on railways, to higher charges to the public, and to all the objectionable modes of dealing with goods traffic which is found to prevail in France, Belgium, and Germany. Such a reaction would be destructive of many important branches of trade.

As to the iron and coal trades, at present each company is in possession of certain districts of the country, and from self-interest alone does its utmost to develop them as against others owned by neighbouring companies. Indeed, so jealous are they on this subject, that we have seen a most active competition prevail between Derbyshire and South Yorkshire for the coal trade of the metropolis, and arising out of this, one of the largest Parliamentary contests of the session is now being fought out in Committee. If the interest of rival companies were cut short, on what principle would Government adjust these claims, when not only the question of rate, but the quality of the article and its first cost of production, must be fully considered before it can be introduced into a particular market? This applies to other commodities besides coal and iron. The competition of market, especially in grain and timber, is frequently greater than that of rates of carriage. Hence low rates are charged for longer distances, and hence the impossibility of adopting a mileage scale universally.

There is another feature of the coal and iron trade: the develop-

ment of a particular district where these are found depends as much upon the assistance rendered by the railway companies in the construction of branch lines as on the capital actually invested for carrying on these industries. Then who shall decide as to the rival claims of branches required in Derbyshire, Lancashire, Newcastle, or South Wales? Would it be prudent to allow a system of private lines to grow up that might form the nucleus of larger undertakings which must either enter into competition with State railways or be bought up hereafter? There is more than one instance on record of a combination of colliery owners constructing railways and docks in competition with existing lines, and doing it successfully. Would this be allowed or not? This is one of the most difficult, complex, and costly questions that railway companies, with all the circumstances in their own districts in their favour, have to deal with: it would become almost impracticable in Government hands.

As to the passenger service, something may be done to give increased accommodation, greater facilities probably, and a reduction of fares, an uniform system of payment for small parcels, and a more general and frequent distribution of mails throughout the country; and so far the public would be benefitted.

The Royal Commission which recommended the purchase of Irish railways left out the necessary consideration of the cross-Channel services between England and Ireland. Would the Government settle to the satisfaction of the Irish people the rival claims of Milford and Holyhead? or how would they deal with the system of through booking of passengers, goods, and cattle between the two countries, and satisfy the rival steamboat interests? Must they be subsidised or purchased, or would the policy change with the Government of the day? At present each steamboat and railway company forms its own alliance and completes a through system of rates and fares; but if all the railways were in one hand this would be indeed a difficult question to adjust, short of purchasing the steamboat interest. The same question arises in respect of the Channel Islands traffic, and in a more difficult degree, as to the claims of certain ports and steamboat interests in respect of the traffic between this country and the Continent.

Would it be good policy to continue the large engine manufactories, iron and steel works, and extend them as required, which now exist at Crewe, Swindon, Derby, &c.? Would the private enterprise of the country be interfered with if this were done? The enormous

purchases of iron and steel rails, timber, and stores of every character, both in the selection, the contractors, the districts from which they would be taken, are a problem in themselves. Would the Government always be best and cheapest served or not? How would they get over the question of coal supply, which is assuming so serious an aspect as to have already reduced the dividends on most lines? It is becoming more difficult every year. Some railways are actually asking Parliament to authorise them to own and work coal mines as the only remedy against high prices in future—would the Government be prepared to go so far?

Besides the questions a mere outline of which I have alluded to, there come the larger questions of the laws of common carriers, sea risk, compensation for personal injury, parish rating, new lines, land claims, and many other questions which, if the *status* of railways is to be altered, must be altered too; but each requires separate consideration before a true balance of the advantages and disadvantages of State railways can be arrived at. I have said enough to show that the matter cannot be decided so soon as the gallant gentlemen who initiated the discussion would seem to think.

13th April, 1873.

On the 10th March, 1885, by order of the House of Commons, a Select Committee was appointed

“To inquire into the material resources of Ireland, and into the present condition of its manufacturing and productive industries, and to consider in what way those industries might be encouraged and extended.”

Before this Committee a considerable amount of evidence was given with respect to the rates and charges upon Irish railways, and the system upon which they were managed, and having for upwards of twenty years devoted considerable attention to the subject, I was called as a witness, and gave evidence before the Committee on the 16th and 20th July, 1885, of which the following is the principal extract:—

Mr. Cropper.

10748. I think you were also with Mr. Brassey in Ireland?—Yes, I was. It was shortly after I joined the London and North Western

Company's service when Mr. Brassey, as a very old friend, consulted me as to a railway which he had just constructed, or found the largest amount of the capital for, from Irvinestown, a little north of Enniskillen, going to Belleek and to Ballyshannon. I had then to make arrangements for Mr. Brassey for the working of that railway, which was a little independent railway 37 miles long. It was impossible to work it as a separate railway, and I made arrangements with the then Irish North Western Company for working it.

10749. What was the result of your investigations?—In that case Mr. Brassey was led into it by friends, but a very short experience showed us that it was likely to be an unprofitable undertaking, and I think during the whole of those 20 years the amount of profit on the railway *per se* has been a very few thousand pounds per annum, perhaps £4,000 or £5,000 a year, and not more. Mr. Brassey asked me to advise him as to the desirability of extending the railway from Ballyshannon to Sligo on the one hand, and to Donegal on the other. I went carefully over the country, and spent my holidays there for a season or two, and I came to the conclusion that although the railways in themselves were necessary and desirable perhaps for the advantage of the country, yet as a speculation on the part of Mr. Brassey, who would have to find the money, looking at the contributory value to his other railways from Ballyshannon to Irvinestown, it was not worth his while to go into that matter.

10750. With regard to the management of railways in Ireland over which you have control, over what area in Ireland has your company now any considerable control?—With regard to control, we only control that which belongs to ourselves—that is, our station and lines at the North Wall, Dublin, and the railways which, although not in the name of the London and North Western Railway Company, yet are affiliated undertakings from Greenore to Dundalk on the one hand, and to Newry on the other. We are also jointly interested with the Great Southern and Western Company. I think we found two-thirds of the capital for making the railway from Kingsbridge under the Phoenix Park, forming a connection down to the North Wall. Altogether, in railways in Ireland, and on improvements that we have made for the Irish traffic at Holyhead and in our steamboats, taking the cost of them into account, we have spent somewhere about £2,000,000 for the development of the Irish traffic in connection with the London and North Western Railway.

10751. Then you are in very close connection with the management of certain other railways, are you not?—With regard to the railways in the north, over the Great Northern of Ireland we have certain statutory rights and powers which have been granted by Parliament with reference to through booking; and with regard to one section of the line—that is, the Irish North Western from Dundalk to Londonderry—we have a special agreement by which the traffic from that line, when sent by way of Greenore to England, contributes a certain proportion of the cost of the steamboat service. With regard to all the other railways in Ireland, though we have friendly through booking arrangements, we have no statutory rights; but we book passengers and goods between every principal station in Ireland and every principal station upon the London and North Western Railway. And I may say that that is not exclusive as regards the London and North Western Company, because the Midland Company, the Great Northern Company, the Lancashire and Yorkshire Company, and the Great Western Company have similar arrangements through Liverpool, Milford, and Barrow.

10752. Have you conferences of managers in Ireland with regard to the rates and other matters?—I may say at the outset that the through booking between England and Ireland was, I think, prior to 1858, confined chiefly to the through booking of passengers and to a very limited extent with regard to goods; probably through booking with regard to goods prevailed more in the north of Ireland than in the south. But in 1864 it fell to my lot, in connection with the late Mr. Mason, to consider with the Irish railway companies and the steamboat companies a system of through booking such as I have described for goods traffic of every description between the two countries. That was brought into effect by an arrangement in which the Cork and Waterford Steamship Companies, the City of Dublin Steamship Company, and other companies, joined. That was rather a difficult thing to arrange at first, for the first thing when it was carried on was to conciliate the steamboat interests with regard to a certain territory; but all that difficulty has fallen through now, and the through booking is quite unrestricted. The rates for this through traffic are fixed by a conference of goods managers on the English side and of goods managers or managers upon the Irish side with the steamboat companies. They meet every two months, and they discuss between themselves what are the rates and fares for traffic, between point and point, and what applications have been made by the traders in England and

Ireland; the rates there discussed are placed on record and issued. Those meetings generally take place at the Railway Clearing House in Ireland, and there is an independent secretary appointed to attend to that part of the business.

10753. You yourself, I believe, have gone frequently to Ireland to look after the various interests that you have there?—I was there last week; but 10 or 12 years ago, when I was goods manager, I took probably a more active part in that business than any other member of the London and North Western staff. What I have said with regard to the south of Ireland pertains also to what we call the North of Ireland Conference, the north of Ireland rates being settled in the same manner by consultation between all the parties concerned.

10754. Are you able to say something of the local traffic of Ireland as well as the through traffic?—Yes; but I should not like the Committee to take my opinion upon any cases of dispute that may have arisen between the local railways and the traders, because that subject I am not conversant with, except in a particular case, namely, that of the Great Northern of Ireland. Some four years ago a little railway called the Belfast Central Railway, which is now being purchased by the Great North of Ireland Railway, made application for running powers all over the Great Northern of Ireland Railway. I was consulted by the chairman and officers of that company, and I gave evidence against this application for running powers; and of course, to establish a case for running powers, every grievance which can possibly exist against the railway company is heard in evidence before a committee. I had to go through a great many of these cases and examine the rates; and the conclusion I came to was that the local rates upon the Great Northern of Ireland Railway were fair rates, and such rates as, having a fair regard to all the circumstances of the case, any English manager would make for the conveyance of traffic.

10757. Have you at all looked at the dead meat traffic from Ireland to England; I know you have it from the north of England and Scotland upon your own lines?—Yes, but we do not find, with regard to the beef traffic at least, that there is much of that; but with regard to pork (and mutton to a certain extent), we are carrying very large quantities. I think it was the London and North Western Company who first established the principle of the great hampers (we have hampers which are provided by the company) for the pork butchers and other people, holding from five to six hundredweight; those are brought down in the

season from October to the early part of March, and there is a very heavy trade in that business.

10759. Then, going to the question of the meat traffic, have you adopted the refrigerating chambers at all, so as to bring over meat in the summer?—No, not on board the steam vessels; nor have we found it necessary to do anything other than to provide vans specially ventilated; but not necessarily to adopt the refrigerating principle.

10760. Upon the same principle as you adopt from the north of England to London?—It is precisely the same principle, but not quite the same system as we adopt for the conveyance of beef and mutton, because in the conveyance of beef and mutton from Liverpool to London we have vans specially provided, because that traffic goes on during the whole of the summer; we have ice-chambers by which the vans are kept cool and well supplied with fresh air. If the same traffic should arise between Ireland and England, the London and North Western Company would be very glad to build the same class of waggon to accommodate it.

10761. I daresay in general you could tell the Committee how far the Irish goods traffic has developed during the long period you have been connected with it?—Speaking first of the passenger traffic of the London and North Western Company carried to and from the North Wall—this is irrespective of the traffic carried by the mail boat—in 1865 the total number of passengers carried between England and Ireland was in round figures 88,500; in 1884 it rose to 153,000 passengers.

Mr. Sexton.

10762. Is that the total number both ways?—Yes, that is the total number both ways. Then, with regard to the goods traffic in 1865, this is what was carried by way of Holyhead and the North Wall—I am not speaking of any other route at the moment. There were 62,500 tons of goods carried in 1865, and in 1884 we carried 94,000 tons of goods each way. Of horses and cattle, in 1865 we carried 40,000, and then there is a great fluctuation in the number; in 1866 and 1867 it went up to 88,000 head of cattle that were carried by us in each year, so that the number doubled in those years; then the number went gradually down, the lowest period being in 1877, when there were 38,000 head of cattle carried; and in 1884 there were 50,500 head of cattle carried.

Mr. Cropper.

10765. Could you state in very general terms what proportion of the traffic from Ireland to England comes through you out of those

different items? would you take half, or more than half?—It would be a mere guess. Of course the Great Western Company have a very good service by Milford, and there is the Cork Steamship Company, and there is the Liverpool route and the Fleetwood route—which I am going to mention by-and-by—between the London and North Western and the Lancashire and Yorkshire Companies. I should say that of the passengers we would probably get more than half, and of goods we should get rather less. But I may say this much, however, that the value of the Irish traffic to the London and North Western Company *per se*—that is, what they themselves get out of it—is a larger amount than what they get out of the Scotch traffic; in fact, the revenue we derive from traffic in connection with Ireland is greater than what we derive in connection with Scotland; because there we have two very ardent opponents who run us very close—there is active competition for Scotland. We have the geographical position in our favour at Holyhead for passengers, but not so much for goods.

10767. On the whole, what should you say as to the condition of the traffic?—I consider that the traffic between England and Ireland is growing; cattle, poultry, eggs, butter, bacon, and all those commodities produced in Ireland, form a constantly growing traffic which pays well, and the price of the article which is produced in Ireland has been raised considerably; the price of butter is higher, and so is the price of poultry, eggs, and all those things which can find an immediate market in England when carried at moderate through rates from point to point with the certainty of being delivered within 48 hours; anything perishable delivered to us in Ireland is delivered in Manchester, Liverpool, or London, within 48 hours. So I say, having regard to the facilities given for the conveyance of these articles to the best markets, there is no doubt that the value of those articles to the vendors in Ireland is very much enhanced by the facilities given by us, and not only by us, but by other Irish and English railway companies.

10769. By your arrangements for facilitating that traffic, do you deal direct with the farmers at your various stations, or do you require some sort of agent or middleman for all this small traffic of the farmer, which is so important to him?—In Ireland the stations and the staff are under the management and control of the Irish railway companies; but in all the principal parts of Ireland, even in the far west, we have servants and agents of the North Western Company who attend the fairs and solicit the traffic to be sent by the London and North Western

Railway; and that is not singular with us, because all the other railway companies do the same.

10774. Then, with regard to the local rates in Ireland, as far as you have seen them, do you consider they bear a fair comparison with those in England?—Yes; I think they must be fixed having regard to the same circumstances as control the fixing of rates in this country. First of all, it is the interest of the railway companies themselves to fix fair rates, to create and encourage traffic to come over their railway, because that is their business, and out of that they get a profit. Then they have to fix the rates having regard to competition by sea. When I was in Dublin two or three days ago, I saw one of the City of Dublin Company's steamers sailing from Dublin to Belfast. As a matter of course, she takes cargo. If the railway company has to compete with the sea, it cannot charge much higher rates by the railway; perhaps they may charge a little higher on account of the facilities given, but not much higher than what the steamer would charge by the sea; and that is going on all round the coast. There is a competition from Dublin to Waterford—the Clyde Steamship Company's boats are at both ports—and to Cork also; so that all the circumstances tend to make the rates for long distances moderate in Ireland, just as they must be in this country. Besides that, I cannot understand a railway company not giving suitable rates to encourage the traffic; it is a thing they are bound to do, and a thing it is their interest to do.

10775. But upon your great lines you have continually reduced the rates, and you have had a greatly increased traffic. That depends upon the vast amount of traffic that goes on from one part of England to another. Do you think that exists in Ireland? do the railway companies take the same view as you have done?—As far as I know—and I think I know most of the chairmen and directors and managers of the Irish railways—I should say they are quite as fully alive to what is their true interest as any of the railway managers in England; but as to satisfying the demands of all the traders, I can say, after a pretty long experience, that we go a great way to meet their wishes, and we have to study the case very carefully; and we always find that the largest traders are the most easily satisfied, because they understand both sides of the case as well as we do.

10776. I think you were connected with the Parliamentary Committee which sat in 1867 upon Irish railways?—No; I was not actually connected with that Committee. Mr. Cawkwell was the manager of the

London and North Western Railway at the time; but I paid a great deal of attention to the report of that Committee as affecting Irish railways, and subsequently to the report of the Royal Commission which was appointed to inquire into the position of Irish lines, and to value them, which they did; in their report recommending the Government to purchase the Irish railways, and to make certain reductions of rates, which would have resulted in a very large loss of revenue to the amount of £600,000 or £700,000. I am bound to say that, though I knew the gentlemen very intimately who were on that Committee, yet I differed entirely with the conclusions they adopted.

Mr. Corry.

10777. Do you say that they recommended the purchase of the Irish railways by the Government?—I am under the impression that they did.

Mr. Sexton.

10778. Was not it rather a recommendation to consolidate the debenture stocks, and guarantee them at a fixed rate of interest?—I find I was in error. The recommendation of the Committee was not absolutely that the railways should be purchased by the Government, but they did make certain recommendations as to fares and charges, and they recommended very considerable reductions; dealing with the property as a whole, in fact, in a way in which it would be impossible for the Government or any other body to deal with it, unless (if those recommendations were carried out) it resulted in the purchase of the railways.

10779. I think the Commission recommended that the debenture stocks of the companies should be consolidated and guaranteed by the State at a fixed rate of interest, in order to ease the pressure upon the profits?—The Commissioners say: “The calculations contained in this supplementary report are on the assumption that the railways of Ireland would be acquired on the terms stated in our first report, and any departure from such terms would necessarily cause an addition to or reduction from the figures here given; but it is not probable that any such addition or reduction would be important.” It is not an absolute recommendation that the railways should be purchased by the State; it appears that their recommendation was to consider the terms upon which the railways might be acquired.

10780. I think they further concluded by saying that it was necessary to make at once a large reduction in the rates, and after a certain fixed minimum charge to make the mileage scale for the several classes of

traffic applicable to all distances?—Yes; I think upon the question of the mileage scale they were wrong; because if a mileage scale were adopted universally it would tend to throw the traffic coming to or from Ireland through a particular port, which might not be the best port. And I cannot illustrate that better than by saying that, assuming traffic were going from the neighbourhood of Limerick to London, it depending upon the geographical distance whether the traffic went by Milford or Holyhead—there being only a few miles difference in distance between these routes—the effect of adopting a universal mileage scale would be to force the whole of the traffic by way of Cork, that being the nearest port. Then there would be the question of the longest sea journey for the traffic as compared with its going by other ports—Dublin or Waterford—which would not give such a long sea voyage, and which routes would probably afford greater advantages as far as the public were concerned.

Mr. Cropper.

10781. Therefore you would think that any ordinary competition was much better than any Government solution of the difficulty?—Certainly. In fact, the principle of universal mileage rates has been condemned by the Duke of Devonshire's Commission in 1867, and by the Rates and Fares Committee three or four years ago. I do not believe any one understanding the question would advocate, as far as goods were concerned, a universal rate for the conveyance of merchandise or minerals.

10782. I gather that you consider that, since 1868, the whole feeling with regard to the equal mileage rates has greatly altered?—I think so.

10783. And that the persons most interested in the subject would now feel that the ordinary competition of the different lines, under a different and more consolidated form of management, would be much the best way to effect a reduced expenditure?—Yes, I think that is conceded.

10784. You also remember that the Commission went into very minute suggestions, and they recommended considerable reductions in the first, second, and third classes?—Yes, and they quoted particularly the case of the Belgian railways. A great part of the railways in Belgium have been acquired by the State. They have not quite got them all; but the Commissioners considered that there was a certain analogy between the position of the Irish railways and the Belgian State railways. There is no doubt that if Parliament thought it desirable to adopt the plan of

managing railways in Ireland upon the principle on which the State have managed the railways in Belgium, great advantages might be given to some one; but if large reductions of rates were made, it does not at all follow that the consumer would get the advantage of it; it would be rather the manufacturer or the middleman, or some other person in the trade, who would get it.

10785. In course of time it would come down to the producer, would it not?—It might do so, but the result of working the Belgian railways has been that whilst in 1869 the State did make a little profit—for they made a profit of 6,600,000 francs—and although they made a little profit up to the year 1872, yet, since 1872, as far as the State railways are concerned, they have been upon the wrong side of the book altogether, because they show a loss on the working of the railways of 3,783,000 francs in 1883.

10786. You think that that arises from the system of endeavouring to put down a hard rule as to the rates and fares?—And having reduced the rates and fares to such an extent that they have ceased to be profitable, and, practically, do not pay for the working of the railways. If Parliament were to do that in Ireland they must first acquire the railways, and that would be a very improvident thing to do. I do not know any case in which money is expended without being supposed to yield a small profit, except that in Belgium the railways are supposed to be carried on for the benefit of the people; but as far as the Government is concerned the railways do not pay their expenses.

10787. Do you know whether the railway companies, acting upon the suggestion of that Commission, reduced their rates?—No; if they had reduced their rates it would have resulted in their paying no dividend either. I am quite sure that if the revenue of the principal railway companies in Ireland were materially reduced by the reduction of the rates, it would mean the absolute loss of the original capital.

10788. I observe that the recommendation of the Commission was that there should be a reduction of the goods rates of 31 per cent. on the first class, 45 per cent. on the second class, and 42 per cent. upon the third class?—Yes; but that is misleading, as figures always may be. Then they go on to say that, after a period of 11 years, they calculated that that, like bread thrown upon the waters, would be brought back to them; but I think they were wrong altogether.

10789. I suppose that bread was not thrown upon the waters in Ireland. Would you give the Committee your own idea as to the best manner

of developing the railway system in Ireland, for I know you have given much thought to the subject?—I do not know that what I have to say is either original or perhaps worthy of a great deal of consideration; but I think, first of all, the Government have made a mistake in the Act that was passed two or three years ago to make certain advances or guarantees for the construction of tramways. I say that for this reason, that I believe that that facility which is given for raising money partly by the guarantee of the barony and partly by the guarantee of the Government has led, probably (I do not say it disrespectfully at all), to professional gentlemen—engineers and solicitors—looking out to see where they could project a tramway or light railway for the purpose of serving a particular district—all in good faith, I have no doubt; but still, when such a line is made, it has to be worked as an independent concern, and not always in friendly alliance with the existing railways. Now, if I entertain one notion more strongly than another, it is that in Ireland you should pursue the system which has been adopted in France, to a certain extent, and divide the country into certain territories. I would give to the Great Northern of Ireland the northern part, to the Midland Great Western the western part of the country, and to the Great Southern and Western and the Waterford and Limerick Companies the whole of the country to the south and west; and that facilities should be given to the companies, by amalgamation, to acquire any little independent railways that may exist, upon fair terms. Then, with regard to the development of the railways in Ireland, I believe honestly the limit has been reached at which any man would put his hand into his pocket and take out sovereigns to construct a railway. I do not think that, commercially, there is any point you can put your hand on Ireland, at this moment, where it would pay any prudent man to spend money for the purpose of making railways. Now, if you start with the condition, first of all, that there is to be a territorial division of the country between those three companies—which I would say is the only way in which the country can be divided—then there are districts where railways ought to be constructed, and where they are required for the convenience of the people, such as the one I mentioned between Ballyshannon and Sligo, and such as the one Sir Ralph Cusack mentioned, from Galway to Clifden; and there are other places in the north of Ireland—where I went a few years ago—where railways would be very desirable, but they would not pay. In those cases I think the Government ought to take a bold step; that, taking the best advice

they can of the parties locally interested, and consulting with the parent railway companies, they should actually find the money and construct the railways in these outlying districts, where, as my experience goes, if they were constructed for ready money, the cost would never exceed from £8,000 to £10,000 a mile.

Sir Eardley Wilmot.

10790. You would consider it would tend to the future prosperity of the country that the State should construct those branch railways?—I think it would be to the future prosperity of the country that the State should construct those railways very much in the way that those branch railways have been constructed in France.

Mr. Dickson.

10791. Upon the 5 feet 3 gauge?—I do not mean to say that the 5 feet 3 gauge is the best gauge, but that existing; I would not have it changed. You might save a few thousands a mile by adopting a narrow gauge; but I think, looking at the position of the country, it would be very undesirable to have any break of gauge.

Mr. Cropper.

10792. Do you really mean to say that a "few thousands a mile" would be saved?—The broad gauge would cost from £8,000 to £10,000 a mile, whereas if you made it a 3-feet gauge it might be constructed somewhat more cheaply; I do not pretend to say how much cheaper, but a 3-feet gauge could be constructed somewhat cheaper than the broad gauge; but, notwithstanding that, I would not introduce into Ireland—though I know some people hold a contrary opinion—a break of gauge. Then, if the Government were to do this, and construct these railways, they should enter into some working agreement with the parent companies—that is to say, the territorial companies—to work these railways at cost price, or not exceeding cost price, and any profit of the undertaking would go to the Government. Then eventually the traffic would probably develop to such an extent that, by providing a sinking fund in some way or other, the original cost would be repaid.

Mr. Sexton.

10793. Upon what principle would you ask the territorial companies to work the branch railways at cost price?—For this reason (though there is no "principle" in it at all): You cannot construct an "end on"

railway without its affording a contributive value to the parent undertaking; that is to say, while it earns a certain amount *per se*, it brings traffic on to the old line. Therefore I would always propose that in the projection of new lines they should be worked at not exceeding cost price; and I think the parent companies would be very glad to do it.

10794. Upon the ground that they would derive an indirect benefit?—An absolute benefit; not an indirect benefit.

10795. That is to say, in the increase of their own traffic?—Yes.

Sir Eardley Wilmot.

10796. Would those be single lines?—Yes, they would be single lines.

Mr. Cropper.

10797. Your experience in these matters is much larger than most people's, and you must forgive our pressing you upon this point. Your idea is that the Government, advancing money to extend the railway system widely in Ireland, might at the same time bring to bear upon these railway combinations which we have alluded to a considerable pressure as regards their own rates and fares at the same time?—As to the pressure upon their own rates and fares, I do not think, unless the Government were to do something more, that it would be fair to give the Government the power to interfere with the rates and fares upon their present undertakings. If the Government would go further, and undertake certain obligations with regard to the debenture or loan capital, and assist in letting them have their debenture or loan capital at a very low rate of interest, then, I think, the Government might be entitled to say to the existing companies, "It would be fair to call upon you to revise the rates you are charging."

10798. I thought that if they developed and increased the traffic on the line they might at the same time fairly review the charges?—That would be a fair subject for inquiry. When the Government of the day, whichever it might be, really meant business, they might fairly go into the question as to the charges made, and I think probably the result of some such suggestion as I have made would be that the Government might appoint an *ex-officio* director upon these boards, the same as they have upon the Indian railways. Where the Indian Government guarantees to the East Indian, the Great Indian Peninsula, and other railways, a certain rate of interest, they have Mr. Juland Danvers, a Government director, who sits on the board, and who is consulted with regard to all

questions respecting rates and fares, and everything else ; that is, however, where the Government have given substantial aid in the construction, or guarantee, of the original undertaking. If they gave substantial aid to the Irish companies which I have mentioned, I think it would be a fair thing to say, " We shall nominate a gentleman who shall consider with you what is right and fair as between the interest of the railway company and the interests of the public."

10799. Do you know the way in which the French Government maintains control over the railways in any similar system?—In France the tariffs that all the railway companies are permitted to charge are settled and printed, and issued, I think, every six months or so by a department of the Government in Paris. I am not quite sure whether that corresponds exactly to the position of our Board of Trade ; but, of course, the railways in France are constructed by concessions in the first place, and, practically, upon the principle of a territorial district to each great railway ; but that in itself was not found to suit the requirements of the French, and they have had a variety of plans since. I have taken some trouble to get up a memorandum upon the subject which shows that even the development of the outlying districts in France could not be accomplished unless by State aid, and in many cases by the Government actually constructing new railways and handing them over, pretty much as I have indicated to you, to be worked by the existing companies.

Mr. Sexton.

10800. Will you hand in that memorandum?—I will hand it in. (See *Appendix*, page 45.)

Mr. Cropper.

10801. May I ask you if the French Government have adopted in any form the system that you are so much in favour of, of having a director at the board, rather than endeavouring to form the whole board themselves in some central bureau?—I am not quite sure that in France the Government have a director sitting at the board. On the Indian railways we have. I say that if the Government of the day were to give a substantial aid to the existing Irish railways, it might be a fair thing to say that, in consideration of their doing this, and granting you an absolute territory to yourselves, so that no one else shall come near you, we shall require some gentleman to sit on the board to represent the interest of the Government, and the interest of the people to some extent.

Mr. Sexton.

10802. In France the Government do not want a director upon the board, because they fix the tariffs by decree of the Government department?—The tariff of charge which is levied upon the French railways, first of all, is a classification approved by the department, and the actual rates themselves are approved.

10803. There is no necessity for a representative upon the board in that case?—There is not.

Mr. Cropper.

10804. What I gather from you is that you would very much prefer that it were done by some deputy sitting with the boards throughout the country understanding the different conditions of the lines?—Yes, granting all the premises I have shadowed forth, which are that the railways should be granted absolute possession of these different districts or territories; that the Government should actually find the money to construct new railways, and that they should assist the companies in other ways. If that were done I think it would be a fair thing for the Government to say, “You must take care that our intentions are faithfully and properly carried out;” and then a gentleman in the position of Mr. Juland Danvers on the East Indian Railways would see that they were carried out duly.

10805. Do you know whether the present interest in the debenture money borrowed by the Irish railways is much higher than that paid in England?—Upon the best undertakings I should think not. I should say the Great Southern and Western Company would be able to raise their money quite as cheaply as we have done, and the Great Northern Company in the same way. The Midland and Great Western Company have been rather going down on account of bad harvests. Whether they have converted their debenture debt into debenture stock or not, I am not quite sure. It has been the practice of railway companies, instead of having a large sum falling due and being renewable every few years, to make that into a 4 per cent. debenture stock, and probably the Irish railways have done so.

Mr. Corry.

10811. Am I right in gathering from what you have said that you consider the system of through booking has improved the facilities for farmers in Ireland to distribute their goods in England upon much better terms than they could formerly have done?—I think so, coupled, of

course, with the despatch and facilities which were given for the transmission of those goods to the English markets.

10812. You spoke very particularly of perishable goods—I presume because that really, after all, is the only report from Ireland at the present time, practically?—There is a large quantity of bacon comes from Ireland into England, and although that is not perishable, yet they appear to be in as great a hurry to get that from point to point as perishable goods.

10813. I thought more of the fresh pork trade?—The fresh pork trade is developed more, I should say, in the north and north-west of Ireland than it has done in the south. We are carrying a large quantity of bacon from Limerick to London.

10816. I am very glad to hear your suggestion with regard to the management of the railways in Ireland, because, whilst viewing with some disfavour the Bill to which you referred with regard to the construction of tramways, which I did not exactly feel was the best way of doing what ought to be done, but your suggestion is that there should be an amalgamation into three different companies of the whole of the railways of Ireland—the Great Northern, the Great Southern and Western, and the Midland Great Western?—The Great Northern is an instance where amalgamation has been brought about in the last few years, and, I think, with great advantage to the railway and to the district which they serve. I have very little hesitation in saying that if the Great Northern Company had not bought up the Irish North Western (that was the railway from Dundalk to Enniskillen and Londonderry), the then owning Company would have been unable to have kept it open; it must have been shut up; it was hardly safe at one time to run over.

10817. Is it the fact that when a railway is once open they can shut it up very easily?—I have known an instance or two where a railway having been opened has been shut up and the banks and cuttings have returned to green fields again; I have known that even in England.

10823. You quite agree, in common with many others interested in Ireland, that the construction of railways in parts which are not now developed would be a very great advantage to the country, and that it would be the duty and interest of the Government to facilitate the construction of these railways, though they would not absolutely pay?—Yes. What would it matter to the Government of a great country like this to spend five or ten millions of money in opening up those poor districts of Ireland? it would be a very small thing. If the money were raised at

3 per cent., it would be only a question of three or four hundred thousand a year.

Mr. Ewart.

10838. With regard to the construction of railways by the Government, is it your opinion that the Government could construct those railways as cheaply as the existing companies could do?—They could find the money, or pay it upon the certificate of the engineer. If the Government were about to construct a railway, I take it they would pursue the same system, and adopt the same plan as we do. They would have careful plans and estimates prepared of the cost of works, stations, and sidings. Secondly, the engineer would tell them, within a 10 per cent. contingency, how much that would cost; and then the Government would put up the contract to be let, and the Government might superintend the construction of the works themselves through their Board of Works, letting the actual construction be carried out by the resident engineer of the Irish company. That would probably be the best and most economical way of doing it. All the Government would have to do would be to see that the works were substantially constructed, and that they got full value for the money that they found for the construction of the railways.

10839. I agree with you that it would be to the interest of the country for the Government to expend the money; but I should have thought it would have been better to have advanced the money to the existing companies at a very low rate?—But I go further than that. I say that it would not be worth the while of the Midland Great Western Railway Company to accept the money at any rate at all to make a railway from Galway to Clifden, though in the end it might be a profitable thing if made. I would say, Give it them without any rate at all until the line pays itself. It is such a little thing for a great country like this to do, that if ever the subject had been thoroughly thought out and grasped, as it ought to have been in the administration of the railways of Ireland, it ought to have been done a long time ago.

Sir Eardley Wilmot.

10842. That, you say, ought to have been done a long while ago?—Yes; I am not casting any reflections upon anybody. Crediting the Government with the best intentions, we cannot feel that they were doing a very good thing in passing this Act with regard to the promotion of tramways. I believe Lord Spencer was altogether wrong, and that

probably he had not thoroughly thought the matter out, or been well advised.

Sir Hervey Bruce.

10846. Would not want of experience on the part of some of the directors lead them to fancy that a higher rate was better than a low rate?—You will find a good deal of want of experience upon the part of directors with regard to rates, because they do not deal with them. The goods managers and officers deal with the rates. A thorough railway goods manager requires to have had years of experience, and to know something of the general trade of the country, and to be an iron merchant, a timber merchant, a corn merchant, and to know the course of trade in every respect.

10847. I understand from your answer now that you will not deny that there may be cases in Ireland in which the local rates may press heavily upon the traders?—I would not deny it, because you have probably had evidence that such a thing exists, but I would say that it was the duty of the railway companies to remove it the moment it is shown to exist.

10848. I gathered from what you said to Mr. Cropper that you do not believe it does exist?—I stated that the same conditions which regulate rates in this country prevail to a great extent in Ireland, but notwithstanding that general answer there may be rates which require modification. With regard to ourselves, every day our goods managers are meeting traders to consider their requirements and give rates to enable them to carry on their business; and I think it only requires the Irish merchants or traders to go to headquarters and make a representation of what is wanted, to have it granted.

Captain Aylmer.

10865. Has your railway (the London and North Western Railway) got an interest in the capital of any Irish railways?—Yes.

10866. What are they?—First, we found two-thirds of the capital for making what we call the North Wall Extension Railway, in connection with the Great Southern and Western; and we found the whole of the capital for making the railway from Greenore to Dundalk, and from Greenore to Newry.

10867. In finding the capital for these Irish railways, which I suppose you did under Act of Parliament?—We did.

10877. Are not the Irish rates under agreement with you considerably

less than the rates on goods carried from one part of Ireland to another over an Irish railway?—With regard to through rates that is the rule generally—that the portion of receipts payable to the Irish company out of the through rate is less than what they charge for the local rate. That is fixed partly on account of the competition by sea and partly by the railway. In the division of traffic, no doubt it is a question of either taking a less proportion or taking nothing at all. If they insisted upon their local rate the traffic would not come that way. We have to do exactly the same thing in England. If we were to get our local rates to every large station in England out of the through rates the Irish traffic would be worth a great deal more to us than it is to-day; but we have to take what we can get.

10887. In making these various agreements with the Irish railway companies, no doubt the London and North Western Company look after their own interests; but possibly you do not consider the case from an Irish point of view, as to whether the arrangements would be favourable to that part of Ireland to which they refer?—No one who understands the subject at all can doubt for a moment that all these through rate arrangements are for the advantage of Ireland, and for the people of Ireland.

10888. Is it not the fact that they induce, to a very great extent, the purchase of goods out of the country which could have been got in the country if it had not been for this special arrangement?—Yes; and I say, why not? Why should not the Irish shopkeeper, or merchant, or consumer, buy in the cheapest market? We do in England: we go to America; we go everywhere where we can buy more cheaply than we can buy at home.

Sir Eardley Wilmot.

10889. Would it not operate, to a certain extent, as a discouragement upon home industry?—Certainly not. Take the case of Germany, more particularly Prussia. I believe of late years the policy of the German Government has been to acquire the railways; particularly in North Germany, they have acquired nearly the whole of them, and they are now managed by the State. The first thing the Germans do under the State control is to raise the rates for imported goods into the interior of Germany, which has the effect of keeping out a great quantity of English goods, while they reduce the rates for export, attempting a fiscal policy in the manipulation of the railway rates, with the intention of

protecting the home trade. If that policy were pursued in Ireland or in England, it would not stand for a day; it could not exist. The Irish people would be far worse off under any policy which had the effect of excluding the Irish purchasers from the English markets. Why should not England raise the price of Irish produce coming into the English market?

Captain Aylmer.

10895. Upon the subject of the cattle trade of Ireland, it has been suggested that Ireland would benefit very much by various industries if the cattle were killed in Ireland, the meat sent over in a cool state—not frozen, but chilled—for the English market. Would your company be prepared to give facilities, in the way of erecting, for instance, perhaps at the North Wall, and perhaps at Holyhead, cool chambers, and supplying refrigerators on board the steamers and other conveniences, to enable that trade to be carried on?—I am quite sure that if the course of the Irish cattle were to change into a dead meat traffic, we should be prepared to give every facility, or to make arrangements either at North Wall—where we have plenty of room—or at Holyhead by building cool chambers, or to build additional refrigerator vans to carry on the trade.

Mr. Dickson.

10896. I think you said that you were in favour of a further amalgamation of the Irish railways into three great sections. I suppose you are aware that the northern lines are amalgamated, except the Northern Counties, and the Great Northern going from Dublin?—The Great Northern of Ireland of course is a comparatively recent amalgamation; but I see no reason, having regard to the position of Belfast, why the Northern Counties Railway, which occupies that corner of the North of Ireland, should not form part of the same system.

10897. I think you have also stated that at present the Irish railway companies have covered the ground in Ireland where there is any hope of dividend on the capital?—I should have added further that some of the small companies have gone to a greater extent than that, because I question whether some of the lines which have been constructed north of Limerick up to Clare, Athenry, and Tuam are ever likely to be profitable, having regard to the capital that has been spent upon them.

10898. In condemning the recent system of legislation in connection with tramways or narrow-gauge railways in the west of Ireland, would you really recommend that Government money should be laid out on a broad-gauge line between Galway and Clifden?—I am so opposed to

break of gauge that I think it would be more desirable to spend the money in making a continuous Irish gauge throughout the country.

10904. Would you recommend the extension of the broad-gauge line from Galway to Clifden at an expense of £8,000 or £10,000 per mile, and that public money should be laid out for it?—I think a railway constructed for £8,000 or £10,000 a mile a cheap railway. As I said before, the only difference between making a continuous Irish railway gauge and a narrow-gauge railway would be, perhaps, a couple of thousand pounds per mile.

10905. But supposing a narrow-gauge railway or tramway could be put down between Galway and Clifden for £3,000 per mile equipped, would it not be better to have that than to have a broad-gauge railway?—If you are looking at it as a commercial adventure, or as to what would be likely to pay individuals, my answer would be in favour of your argument; but if you are going to complete the thing as practically an Imperial system to be done, and done by Parliament, I say, do not for the sake of saving a few thousand pounds in narrow-gauge railways spoil the whole thing.

10906. In fact, your evidence goes to this, that Ireland should be treated by the Government as liberally as India is now, in developing the backward districts of the country?—I even go further than that; I say, Let the Government find the money to make the railways.

10907. And that the outlying districts should be opened out by the Government?—Yes. I did not mean in answer to that question to say that the Government should rush into a large expenditure without considering the circumstances of the case; but let two or three intelligent men consider what is of importance first, and then do that.

Mr. Sexton.

11005. What is the nature of the error you attribute to Lord Spencer in regard to the Tramway Act?—I think it was a mistake to attempt to supply what I consider an admitted want in the way in which it was proposed to do it by the passing of that Tramway Act, which enabled the Government to guarantee at least half the interest upon the outlay in the construction of tramways. I think it would have been more to the interest of the country that it should have been dealt with in the way I suggested; but that is a mere matter of opinion.

11006. What would have been the true course?—In my opinion, that which I have endeavoured to explain to the Committee—that the

Government should actually take into their hands the construction of those railways which are proved to be necessary, and leave them to arrange with the existing companies to work them. The plan which the Tramway Act brings into force is, that it sets up small independent companies, and sets professional men to work to endeavour to project tramways which may not be right themselves, but which may serve particular purposes.

11007. It offers a powerful impulse to speculation, and at the same time you would say it is practically unworkable?—I do not say it is unworkable, because I had a conversation with Mr. Murland in Ireland on the question of a tramway which is being made in his district, and he appeared to think that the thing was reasonable, and that the tramway would itself be really some advantage to the Great North of Ireland Railway; and instances of that kind will occur. But what I say is that, if railways in Ireland are to be dealt with, they must be dealt with as a whole, making the best of them.

11008. I do not expect you to know the peculiar circumstances of Ireland, but I daresay you are aware that grand juries have so fixed the taxable area that the Privy Council have refused to sanction the schemes?—Yes; and I have known cases where guarantees have been given by the baronies, and the grand juries have sanctioned the scheme—as, for instance, the line from Enniskillen by Manorhamilton to Sligo; that was a case where a railway was really necessary. But when it is made upon the guarantee of the baronies by speculative contractors, and so on, the whole thing is unprofitable.

11009. You would not say that a guarantee system of that kind is likely to work, unless there were a fair prospect of profitable working?—I think not.

11043. With regard to the Belgian State lines, might it not be the fact that the Government have so managed them there, out of regard to the general public interest, as not to have looked to the payment of dividend upon the stocks of the railways themselves?—That is so; at least it appears to me to be so—that the Government have so managed the railways as to give away all the profits that otherwise would have accrued upon them to the Belgian people.

11044. You are not in a position to say that that might not be justifiable, and even a wise national policy, if corresponding or even greater benefits were given to the community in other directions?—I am afraid I should think it was not a wise policy, because I think that

any trade which requires to be permanently fostered must in the end prove disastrous to everybody concerned.

11045. In Belgium, as they reduced the rates did the traffic increase?—At one time I paid considerable attention to the Belgian State railways, and I negotiated an international tariff for booking through between England and Belgium, but since that time I have not been considering the question very much. But it appears to me that they first tried the experiment of reducing the passenger fares, which was purely a mistake, and had to retrace their steps to a certain extent. Now they have reduced their rates for goods and raw material to such an extent that they have left, practically, a deficit of 4,000,000 francs in the working of the railways for 1883.

11055. I might remind you of the Commission of 1867, with the report of which you say you entirely differ (though you do not appear to have refreshed your memory upon it), who recommended a concentration of management, and that the debentures should be guaranteed at a fixed rate of interest; they further recommended that if the reduction they desired should be carried out, there would be, first, a loss of profits for 11 years, in the twelfth year developing into a profit, and subsequently increasing?—That was a proposition.

11056. Would you define the exact point at which you conflict with that recommendation?—I endeavoured to say that such a scheme could not be carried out unless the Government were to purchase the Irish railways absolutely, and practically to manage them as State railways; and, although they do not make the recommendation, yet, in their conclusion, the Commissioners state that their calculation is based upon the assumption that the railways could be obtained upon the terms that they have mentioned.

11057. They mention the sum of between seventeen and eighteen millions?—Then what I say is, that I think the principle of the management of State railways in Ireland would be objectionable, because it would give an enormous amount of patronage to either one or other political party. Again, it might lead to a great deal of question with regard to the purchase of rolling stock, the purchase of stores, and favouritism as to one thing or another, and it would bring the Government State railways (assuming that the Government had possession of the railways) into conflict and into competition with the steamboats; and if the Government were once to determine to take up the Irish railways, it would follow, as sure as light from dark, that they must take over the

conveyance of the mails between the two countries, and that in the end they must take the railways under State control in England. Now, I think that the principle of State management and State control in a country such as this is not for the true interests of the country. It is far better that those people interested in the inland traffic and the railways should be responsible to their shareholders for the carrying out of these great undertakings, rather than that they should be managed by Government and become a vast political lever, either on one side or the other. I further would venture to say that the Government would not be so free to deal with questions in discussion between traders as we are; they would be obliged to lay down a hard-and-fast line. In fact, any one who is in favour of Government control and Government purchase would find it was "the reign of King Stork;" they would never be able to get them to deviate in the slightest degree from their hard-and-fast rule, to the great detriment of the business of the country.

11058. The chief objection would be, would it not, that the money of the State would be drawn upon for fresh undertakings?—That would be one objection; but I think the control of railways is better in the hands of gentlemen who know the wants of districts and are capable of dealing with the local circumstances, rather than referring to a great bureaucratic centre, which must be established if you are to make good the principle of State railways.

11476. You gave on the former occasion of your examination some particulars to the Committee of the commercial aspect of the Belgian State lines; have you looked into their capital accounts?—I have not.

11477. Can you say how their capital is classified? is it as it is in this country—ordinary capital and debenture stock—or is it a consolidated stock?—I have not that information.

11478–9. When you said that the Belgian State lines were so many hundred thousand pounds upon the wrong side of the book, what are the Committee to understand by that? are they to understand that the working expenses of those lines exceed the receipts, and that nothing is paid in the way of interest or dividends upon any kind of stock?—No, the working expenses are covered; but the balance, after deducting such working expenses, is not sufficient to do more than pay part of the interest due on money advanced by the Government for constructing railways and supplying them with plant, and part of the interest due to private companies whose lines have been taken over by the Government.

11527. I shall be glad to have the opinion of such an expert as yourself upon the traffic to such a province as Connaught, where the people are poor and struggling. Would it not be fair to such a case to adjust the rates to a certain extent in the view of developing that part of the country?—I have thought the question over, and it appears to me that the only way in which you can obtain the point which you appear to be seeking is that the Government, before they have any right to interfere with the statutory rights of railway companies, should do something to assist those railway companies. I have spoken of the question of branch lines, and I do not wish to refer to that again, but something was said about the debenture debt. Now, the whole of the debenture debt, as far as I can ascertain, has been converted, and nothing further can be done upon that matter; but if the Government were willing to do as they have done in the case of India, namely, to guarantee a minimum rate of percentage, then I think it would be fair that the Government, through the *ex-officio* director they might appoint upon each board, might consider what the local rates should be, or what the rates upon cross-Channel traffic should be. But until the Government does undertake some responsibility of that description it would be manifestly unfair to interfere with what is, after all, the birthright of the railway companies—that is, the charter they have in their Acts, and the power Parliament has given them to charge.

11528. You consider that, with regard to the district or province which may have a special claim upon favourable treatment, the best way to procure that treatment is by the intervention of Government; but you would not go so far as to say that the Government should take charge of the lines?—I do not think that the Government would work them well. If it is necessary in a country like Ireland to do anything to reduce the rates and give increased facilities for traffic, that can only be done by State aid somewhat in the direction I have indicated; you could not compel the existing railway companies to ruin themselves by doing what is sought to be done.

11534. Is it not a very serious thing when the policy of railway directors prevents the very beginning of industry? The Committee have been told that the attempt to found an industry in coal and iron in Ulster has been frustrated by the railway rates; and also that the industries of pottery at Coal Island, and of bricks at Kingscourt, in the county of Cavan, have been destroyed, from simply the rates prohibiting the carriage of the goods to market?—I should say with

regard to the coal that that could hardly be the case. From what I know of the coal measures which have been found to exist in Ireland, I should say that, unless in very exceptional times, they would not pay for working. Then, with regard to the iron industries, we all know the enormous quantity of iron ore that is raised in the north, and in Antrim and Londonderry; but that cannot be converted into iron from the absence of fuel, and it has to be sent over to Cumberland or Glasgow in large quantities. To make a successful iron-works, you require to have the iron, the limestone, and the coal pretty nearly together. In Ireland you generally find one of those elements present and two absent.

11535. We all know that there is an abundance of iron ore in Ulster, and the scientific men tell us that the coal is quite suitable for the process of manufacture?—I know a good deal about the coal trade in England, and I do not think you would find any solvent man ready to go into and open out any more coal even in this country. There is an enormous quantity of coal produced; in fact, I do not think, with the exception of South Wales, that there is a colliery in England that is doing more than paying its expenses. Coal never was so cheap and never so plentiful as at the present moment.

11536. There is that condition, of course, applicable at present. Now, you have just told the Committee that there is a quantity of iron ore brought out of Ireland, and that there is none smelted there; but I may tell you that expert witnesses tell us that it would be worth while to found an industry in the iron ore, smelting it with the coal found in the same country?—I was in Belfast, settling, as one of the arbitrators, the price which the Belfast and Northern Counties line should pay for the Cushendall line, and we had no end of expert witnesses from England and Ireland; so that the whole question of the value of the ore and the quantity of the ore was brought out before the arbitrators, and, eventually, we did decide the price which the Northern Counties Company should pay for that line. But I did not hear anyone suggest in the slightest degree the feasibility of erecting a smelting furnace, either in the neighbourhood of Cushendall or Redbay. If ever a furnace were erected in Ireland, it would have to be near the coast. It might be in Belfast Lough, where the ore might be brought down and the coal brought cheaply across from Scotland; but inland, if you have a carriage to pay on coal, then it would be utterly out of the question. That reminds me of a question that was asked by my

friend, Mr. Ewart, the other day, about chemicals coming from England for the purpose of bleaching. As a matter of fact, there is a chemical works, and more than one, at the present moment, in Dublin. If the Belfast manufacturer is so anxious to have chemicals upon the spot, there is plenty of room in Belfast Lough if anybody chose to go into the business; and I do not know why it should not pay as well there as in Widnes or St. Helens.

11538. If the Irish railway companies are satisfied with their proportion of the through rate from England equivalent to their mileage, can you explain how it is that their local rates differ so extraordinarily from any proportion of the through rates which they can get?—If they took the same tolls or charged the same rates for all their traffic as they do for that which is cheapest to carry, and which is rather of the nature of competitive traffic, it would so level down their rates that they would have no profit left, and no dividend accruing for their shareholders, and, subject to the paying point, that is the question we thrashed out with the Rates and Fares Committee some years ago. The question was asked, why all rates should not be brought down to the level of the lowest charge. The result would be, if that were so, that you would just bring the companies to look round to see what was the lowest; they would refuse to carry that at a competitive rate, and, in fact, would not carry except at a profit, and raise the rates.

11546. I admit at once the comparison between the railway company and the shopkeeper; but if the shopkeeper is charging such a price for his goods as that the customer starves, do you consider that a wise policy?—If it came to that I should disagree with him.

11547. Do not you think that it would be better to have a moderate price and more customers?—But, after all, railway companies are commercial undertakings, and, subject to the limit which Parliament has placed upon their powers, they may charge anything they please. Judgment may differ as between one and another, but what railway companies have to do is to make a profit for their shareholders; they may do it wisely in some cases, and unwisely in others. That is the condition of things, and I say that is a condition which cannot be interfered with without taking the charter of the Irish railway companies away from them.

11552. It is quite within the power of the company to do that, no doubt. Then it has been said that the managers of English lines,

when examined before the Railway Commissioners, have used their influence to maintain the system of high local rates in Ireland. Do you agree with that evidence?—I do not know of any case of the Irish railway companies being before the Railway Commissioners except the case of the Belfast Central Company, who took the Great Northern of Ireland Company before the Railway Commissioners some two or three times. This was a case of a little impecunious company which was trying to sell itself, and which in the end succeeded in selling itself, for I, with Mr. Forbes, settled the terms upon which the Belfast Central Railway was purchased by the Great Northern of Ireland Company. The Bill has now passed through the House of Lords, and it is in this House as an unopposed Bill. That was the case where a little marauding company endeavoured to make itself so disagreeable that the big company should be compelled to buy it, and in the end the big company has bought it. I gave evidence before the Railway Commissioners for the Great Northern of Ireland in that case, and we thought that many of the proposals of the Belfast Central Company were unfair.

11553. Do you consider it to be the railway companies' interest that local rates should be high?—No, I do not. If you were to begin the policy of the Irish railways and the construction of them again over afresh with a clean sheet of paper, I think the case regarding the railways in Ireland would not now exist; that is to say, if you had the experience which we have had in England and Scotland in the last 40 years; but you cannot interfere with these interests which have now become established without providing some compensation.

11554. As far as you are concerned, representing a great English company, you would have no objection that the Irish local rates should generally follow the mileage principle?—Knowing Ireland as I do, I think it very desirable that reasonably low rates should prevail for local traffic in Ireland.

11557. Have you arrived at your conclusion that the limit of profitable construction of railways has been reached in Ireland merely by the examination of the traffic returns and the dividends, or have you considered how far traffic might be developed?—I have considered how far traffic might be developed; I know the country very well, and have been through all parts of it, and I say that I do not think you could get any solvent person to find the money to make new railways in Ireland at the present moment.

11558. You do not think the probability of a return would be sufficient?—No; in fact you cannot get men to make railways in this country from independent sources; it all has been done in connection with the existing railway companies.

Mr. Rathbone.

11571. If the Government did do anything of that sort and gave a guarantee, do not you think it would be fair to stipulate that the old railway companies—the through lines such as your own and the great companies in Ireland—should so regulate their rates as to apply some part of the profit at least, and perhaps in the first instance a great part of the profit, in developing those branch lines so as to encourage them; because, of course, those would give a large amount of profit to railway companies, which otherwise would not share in the expense?—I think that would be true to a certain extent as regards the branch lines; but if I understand the contention of the honourable Member for Sligo, it is that relief is wanted upon the existing lines. I say that before you can deal with that part of the question and interfere with the statutory rights which the Irish railway companies have, it would be necessary for the Government to do something more than construct branch lines; it would be necessary to go to the extent of guaranteeing a minimum dividend, so as to enable the Government to say to the Irish railway companies, “We must have the thing reconsidered as a whole, and dealt with in a business-like manner.”

11572. You would not expect this Committee to recommend that now?—If you press me too much upon the point, I fear I should have to go into particulars. But my notion generally is that if you were to guarantee the existing dividend which has been earned during the last five years, say, and give the railway companies half the profits beyond that, and let the Government settle what the future rates and fares should be, that might meet the case. It would be just exactly what is done in India, leaving the State the ultimate control, but leaving the working of the railways in the hands of the companies themselves. Then, in addition, I still think that the branch lines should be constructed by the Government.

WHAT I NOW VENTURE TO SUGGEST FOR
CONSIDERATION IS AS FOLLOWS:—

1. That an Act should be passed granting to the Government permissive powers to guarantee to the shareholders of the principal railways in Ireland a dividend based upon the average of preceding years; and that the principal railway companies be empowered to purchase, lease, or work the smaller existing independent branch lines, on terms to be agreed upon or settled by the Railway Commissioners.
2. That, in consideration of the guarantee, the Government be empowered to appoint a Chief Commissioner of Irish Railways, with a seat at each Irish board, and powers similar to those of the Government Director of Indian Railways.
3. That the management and working of the principal railways be conducted by the various boards of directors of the companies, as at present constituted, with the addition of the Chief Commissioner of Irish Railways, who should have power to initiate a revised tariff of rates and charges (not necessarily upon an absolute mileage principle), which, if not agreed to by the Irish companies, should be settled, in case of need, by the Railway Commissioners.
4. Any profits accruing, after the revision of the tariff of rates and fares, over and above the amount required to pay the guaranteed dividend, to be equally divided between the railway company concerned and the Government.
5. The Tramways and Public Companies (Ireland) Act of 1883 to be repealed in so far as it relates to the extension of railway tramway communication in Ireland.
6. The Government to find the necessary capital for the construction of light railways of the existing gauge, or of a narrow gauge in poorer districts of Ireland. The suggestions for the making of such railways to emanate

in the first place from the Chief Commissioner of Irish Railways, the details of engineering being submitted to, and approved by, the inspecting officers of the Board of Trade, and, when so approved, the Government to authorise the outlay. The contract for the carrying out of the work to be executed under the direction of the board of the railway company in whose district the proposed branch or extension may be; the intention being that any branch or extension, when completed, shall be worked by the existing railway company in whose district the branch is authorised, on terms to be agreed between the company and the Chief Commissioner of Irish Railways, or, in case of difference, to be settled by the Railway Commissioners. In any case the agreement to be approved by the Railway Commissioners.

7. The Chief Commissioner of Irish Railways to be a gentleman of high standing and experience.
8. Railway accounts to be publicly audited.
9. The Government guarantee may be for 99 years, with option afterwards of purchase by the State.

The advantage of perpetuating the machinery of the present Irish railway boards for the management and working of the railways is that all suggestions of undue political influence in the disposal of contracts and patronage, such as would inevitably arise if the railways became State railways, would thus be avoided.

The above is a mere rough outline of what is practicable and necessary in order to place the railways of Ireland on a more satisfactory footing as regards rates and charges, in the public interest, and is based generally upon the practice which prevails in guaranteeing railways in India, and upon the action of the French Government in recent years in constructing railways in unproductive districts and handing them over to the existing companies to work.

From my own experience I believe the scheme is capable of being carried out with the least burden on the State, and would result in great public benefit.

APPENDIX.

FRENCH RAILWAYS.

Several systems have been adopted in France with reference to the building of what is called the “*nouveau réseau*” or “*réseau secondaire*”—that is, of the new or secondary lines which were asked for by the public, but did not appear likely to yield sufficient receipts to cover the expenses.

I.—After the financial and commercial crisis which took place towards the end of 1857, the railway companies experienced great difficulty in borrowing money to build new lines, and in 1859 the Government decided upon helping them.

The lines of the great railway companies were divided into two systems, the old one and the new one; for the old lines, which were paying lines, nothing was done, but for the new lines the Government agreed to guarantee a minimum interest of 4 per cent., plus 65 centimes redemption annuity, together 4 francs 65 centimes, for a period of 50 years, beginning from the 1st January, 1865.

The amounts thus paid by the Government were only advances bearing 4 per cent. interest, which were to be refunded as soon as the lines paid more than the guaranteed interest.

The above conditions were slightly altered in 1863, and again in 1868 and 1869, and the alterations were in favour of the railway companies; for instance, a subsidy representing the cost of construction of the *infra* structure (permanent way, bridges, works of art, &c.) was, as a rule, granted in addition to the guarantee of interest, the capital on which interest was guaranteed became susceptible of being increased, &c.

II.—In 1865 a different scheme was adopted for railways called “*d'intérêt local*” (of local interest); it was modified by the law of the 11th of June, 1880, according to which it was no longer the Government, but the communes (parishes) and the départements (counties), which granted concessions for those lines.

That law authorised the Government to grant the new lines—

1. A subsidy of 500 francs per kilomètre actually worked, or £32 3s. 7d. per mile.

2. The fourth of the amount required to increase the gross annual receipts (taxes deducted) to 10,000 francs per kilomètre, or £643 12s. per mile, for broad-gauge, and 8,000 francs per kilomètre, or £514 17s. 7d. per mile, for narrow-gauge lines.
3. In cases where the excess of receipts was not sufficient to cover the working expenses, and to allow the companies to pay 5 per cent. interest on the original capital, which could be increased by the amount of deficit experienced during the time within which the line was to be built, the Government were authorised to make good a part of the amount required, on condition that the parishes or counties interested contributed at least a similar amount.

As soon as the gross receipts of the line were sufficient to cover the working expenses, plus 6 per cent. interest on the original capital increased by the deficit experienced during the time during which the line was to be constructed, one-half of the surplus of the receipts was to be divided between the Government and the parishes and counties in ratio to the advances made by them until the amount advanced was totally refunded; no interest was payable on that amount.

There were two exceptions to the above—one in the case of the Corsica narrow-gauge railways, the building of which had been begun by the Government, and which were afterwards handed over to the "Société des Chemins de fer Départementaux" (Society of County Railways), which undertook to complete building them, and to work them on terms stated in a law passed on the 20th December, 1883; the other exception was that of the Brittany narrow-gauge railways, which were conceded to the Western of France Railway on the terms of the Convention of 1883 referred to hereafter.

Towards the end of 1883 the state of things was completely altered by the Conventions which were made by the Government with the Lyons, Orléans, Ouest, Est, Midi, Nord, and Ceinture Railways. Previous to these Conventions the total mileage of the above companies amounted to 23,163 kilomètres; by those Conventions the Government conceded to the railway companies the construction of 8,345 kilomètres, and transferred to them 2,743 kilomètres Government lines, and 1,537 kilomètres of lines previously conceded to other companies and "local interest" lines; the total mileage of the above companies was therefore increased by 12,625 kilomètres to 35,788 kilomètres.

The cost of construction of the lines conceded to the Lyons, Orléans, Ouest, Est, and Midi was to be paid by Government, but those companies were to contribute to the expense of the superstructure (stations, warehouses, &c.) at the rate of 25,000 francs per kilomètre (£1,609 per mile); the companies were, in addition, to supply the rolling stock and material, which was reckoned to amount to a similar amount; in addition to this the Orléans Company was to contribute 52,000,000 francs towards the expenses of certain lines.

The Nord Railway was to pay 90,000,000 francs towards the expenses of construction of the new lines.

The companies who had availed themselves of the guarantee of interest—that is, to which the Government had made advances—undertook to refund in works the amount of their debt to the Government; the result was that the amounts to be contributed by each company towards the completion of the railway system were as follows:—

	<i>Francs.</i>
Nord	90,000,000
Midi	94,000,000
Paris, Lyons, Méditerranée	100,000,000
Ouest	241,051,000
Est	207,586,000
Orléans	378,298,000
TOTAL <i>Francs</i>	<u>1,110,935,000</u>

which in the end was to remain the absolute property of Government.

The insufficiency of receipts was to be borne entirely by the companies, which involved an expense of which it is impossible to give a correct estimate, but which represents a considerable sacrifice on the part of the companies.

The insufficiency on the new lines could be added by the railway companies to the amount of their capital account.

The companies were to lend to the Government the funds required for the construction of the lines, and they were to be reimbursed by means of annuities. Instead of dividing by half with the Government the surplus of receipts over the expenses when a certain limit was reached, the companies were to give up to the Government two-thirds as soon as the dividend would amount to 75 francs per share for the Lyons, 88 francs 50 cents. for the Nord, 60 francs for the Midi, 50 francs 50 cents. for the Est, 72 francs for the Orléans, and 50 francs for the Ouest.

The new Conventions provided for the case where the net receipts would be insufficient to redeem the capital and to pay interest and dividends, but the companies would then have the right of immediately obtaining funds from the Government for making up the guaranteed minimum dividend, which is, for the Lyons, 55 francs per share; for the Nord, 54 francs 10 cents.; for the Midi, 50 francs; for the Est, 35 francs 50 cents.; for the Orléans, 56 francs: for the Ouest, 38 francs 50 cents.; this advance would have to be refunded to the Government by the company.
