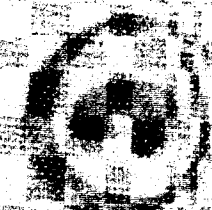


EAST INDIA CORRESPONDENCE
COMPETITION BETWEEN GERMAN
AND BRITISH MANUFACTURERS
OF RAILWAY LOCOMOTIVES

DIGITIZED



DIGITIZED

LONDON

1902

EAST INDIA (FOREIGN COMPETITION.—LOCOMOTIVES.)

RETURN to an Address of the Honourable The House of Commons,
dated 16 July 1902;—for,

“RETURN of CORRESPONDENCE with certain BRITISH FIRMS as to the
COMPETITION between GERMAN and BRITISH MANUFACTURERS of RAILWAY
LOCOMOTIVES.”

India Office,
July 1902.

ARTHUR GODLEY,
Under Secretary of State for India.

(Mr. Bonar Law.)

Ordered, by The House of Commons, to be Printed,
28 July 1902.

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1902.

EAST INDIA. (FOREIGN COMPETITION.—LOCOMOTIVES)

No. 1.

LETTER from the UNDER SECRETARY OF STATE FOR INDIA to MESSRS. DÜBS & Co., Glasgow, dated 24th June 1902.

(A similar letter was sent to Messrs. Nasmyth, Wilson, & Co.)

I AM directed by the Secretary of State for India in Council to enclose formal acceptances of your tenders for locomotives, dated the 5th of May 1902.

At the same time Lord George Hamilton desires me to inform you that these acceptances have been delayed in consequence of the very serious doubt which he has felt as to the decision at which he ought to arrive.

For the same order he received, from a firm of German manufacturers of the highest standing, tenders which, in respect of the passenger engines required, were more than 20 per cent. below your prices, and, in respect of the goods engines, nearly 20 per cent. below your prices.

The date of delivery was, in respect of the passenger engines, 25 weeks earlier, and, in respect of the goods engines, 13 weeks earlier than that which you named; and it was distinctly understood that none but the best materials should be used, that the specifications should be in every respect strictly complied with, and that the usual tests should be rigidly enforced.

His Lordship, in these circumstances, was unable, without much hesitation, to give the order to a British firm. But, as you are no doubt aware, orders for locomotives have recently been given to German firms by various Indian railway companies, and his Lordship finally decided that he would await the result of these orders, which may be regarded in the light of an experiment, before entrusting to German manufacturers, for the first time, an important contract for locomotives for State railways.

Nothing could be further from Lord George Hamilton's wish than that orders of this kind should be transferred from British makers, who have hitherto had a virtual monopoly of them, to their foreign competitors. But if it should be shown by experience that the German manufacturers are able and willing to turn out work which, though possibly inferior in respect of finish, is for practical purposes equal or nearly equal to that which is produced in this country, at prices materially lower, and with the further advantage of much earlier delivery, it is obvious that, in justice to the interests of India, he will be compelled to accept foreign tenders, and, possibly, to accept them on a large scale.

Indian railways are now, generally speaking, in a prosperous condition; their business is increasing, and the construction of a large amount of new mileage is in hand or projected. These facts point to the possibility of increased orders for rolling stock and railway plant of all kinds; and Lord George Hamilton trusts that the locomotive makers of this country may be able to make such arrangements as will ensure that they shall profit to the full by the opportunities which are likely to occur.

I am, &c.
(Signed) A. GODLEY.

No. 2.

LETTER from MESSRS. DÜBS & Co., Glasgow, to the UNDER SECRETARY OF STATE FOR INDIA, dated 15th July 1902.

In acknowledging your letter which accompanied the acceptances of our tenders for locomotives, dated 5th May last, we asked permission to show it to the other locomotive manufacturers of this country, as the points raised were so important as to call for the careful and earnest consideration of the whole trade. That permission was accorded, and the letter has been most carefully considered. We now submit the following in reply, and are sending

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copy of this letter to each member of the trade, asking him to intimate to you if it expresses his views.

We recognise the difficulty in which the Secretary of State for India has been placed by the appearance in the late competitions of tenders from foreign firms offering much lower prices and much earlier deliveries than the prices and deliveries asked by British firms, and we thoroughly appreciate the justice of his lordship's decision to await the result of the orders already sent by some of the Indian railway companies to Germany, before entrusting Indian Government contracts for locomotives to German manufacturers. In respect of the reasons which induced in the mind of the Secretary of State the very serious doubt which he felt as to the decision at which he ought to arrive, our first and main contention is, that although in the late competitions British and German manufacturers tendered upon the same specification and drawings, they placed very different interpretations upon these documents, and naturally framed their estimates upon their interpretations. The competing British firms were perfectly familiar with both the letter and spirit of the specification, having supplied under its conditions practically all the locomotives in use on the Indian railways. The competing German firms have not yet got so far as to deliver a single locomotive in India. The British firms estimated to use the very best material obtainable, and to put upon the locomotives a class of workmanship and finish which admittedly has not been reached by any foreign locomotive builders. The German firms estimated to use much cheaper materials, while their standards of workmanship and finish are much below those of their British competitors. The tenders were not fairly comparable; the British tenders were for one class of locomotive, very costly to make and, therefore, costly to buy; the German tenders were for another and a lower class of locomotive, cheap to make and, therefore, cheap to buy. Our works cost was very much higher, and while the German firm you refer to no doubt "distinctly understood" that everything was to be of the best, the facts that are known sufficiently prove that their best was relative to their own practice and not to ours.

We therefore, with all respect, demur to your proposition that the Indian Government will be compelled, in the interests of India, to accept foreign tenders for possibly inferior workmanship and finish if the prices are materially lower. The real question is, whether the interests of India are best served by working the railways with the best locomotive engines it is possible to obtain (a system which through many years has produced the very best results), or by introducing, for the sake of a saving in first cost, locomotives of inferior material, workmanship and finish. That the first alternative ought to be adopted is, we submit, abundantly proved by what is publicly known of the working of the American engines supplied to the Burma Railway Company, and by what is less publicly known of the character of the tenders recently supplied to the East Indian Railway Company from Germany, as to which we would respectfully suggest that the Secretary of State might usefully call for the locomotive superintendent's report thereon. In view of future competitions, therefore, it becomes a matter of urgent importance that we should be informed whether the Indian Government and railway companies propose to continue or to abandon the high standard of quality in materials, workmanship and finish to which we have hitherto worked. We take it that in their purchases of locomotives the broad aim of both Government and railway companies is ultimate economy; that is, economy in their consumption of fuel, in their cost of maintenance, and in the work to be got out of them. The first cost of the engine is only one item in this calculation, and the experience gained after a year or two's working may very well prove that too much importance has been attached to it. That is undoubtedly the view of the Government Railway Authorities in Egypt, and we could desire no stronger testimony in favour of our case than is to be found in Lord Cromer's latest report. And to take only one further instance—the Chairman of the Leopoldina Railway of Brazil, in April last, was even more emphatic as to the ultimate economy to be effected through purchasing British-built locomotives, even though they should cost, to begin with, 25 per cent. more than American.

In the late competition the question of early delivery was given almost equal prominence with that of price. Without staying to consider the comparative value of British promises, based on long experience of working under the Indian specification, with German promises made in the dark, the railway boards apparently formed their decision simply upon the figures before them; and having first assumed that the German engine would be equal to British engines if made from the same specification and drawings, they proceeded to assume that the German promise of delivery was equally to be depended upon with the British.

In a letter written to the "Times" in December last, the chairman of the East Indian Railway claimed that the action of his board had saved the shareholders not only a large sum in the purchase of 40 locomotives, but 39 weeks in their delivery, by accepting a German instead of a British tenderer's offer. The German firm undertook to complete the work in 46 weeks. About 41 of those weeks have now expired, and not one engine has yet been shipped, the delay having, we understand, been caused by the wholesale rejection of materials; although in this, as in the case referred to in your letter, it was no doubt "distinctly understood that none but the best materials should be used." The Secretary of State for India could hardly ask stronger justification than this for his decision to await the result of the Indian Railway Company's German contracts before entrusting Indian Government contracts to German firms.

Our remarks have so far related only to the character of the materials and work offered by British and German manufacturers respectively in the late competitions, and to the comparative value of their promises of delivery; but there are other considerations which, we submit, should not be altogether ignored by the Indian railway companies, still less by the Indian Government in ordering locomotives for the Indian railways. The very high standard of locomotive work throughout India, is the result of many years of co-operation between the railway engineers and the British manufacturers. By working together immense advantage has accrued to both, for in many cases in meeting new conditions, the engineers have been aided by the minute practical knowledge of the manufacturers, and the latter have found the requirements of the Indian railway companies an important branch of their trade. It is manifestly impossible for British manufacturers to work to British standards at German prices. Earnestly as they desire the welfare of their workmen they cannot carry on their works at a loss. The firms interested in this discussion employ between them more than 20,000 British workmen, and the effect of closing the Indian market against them would be to throw a very large proportion of them out of employment, and affect in an equally serious manner the countless employees of our sub-contractors. A further effect would be to transfer from British ships to vessels subsidised by the German Government for the express purpose of capturing our eastern trade many thousands of tons freight per annum. From a feeling of Imperial duty, we encouraged many of our men in their desire to fight for their country in South Africa, keeping open the places of many, and supporting their families during their absence. Must we tell them on their return that owing to the action of the Indian Government and railway companies, we have no work for them, or must we give them the almost equally hard message that the highly skilled workman is no longer in demand? Yet that would be the effect of transferring Indian orders to Germany, or of lowering the British standard of work to the German level.

Lastly, we would remind you that to facilitate the working of the Indian railways we have been invited to draw up designs of standard engines for several varieties of duty, and the Secretary of State for India has indicated that, in his opinion, the British manufacturers should greatly enlarge their premises. Until the standards committee, which is now at work, has settled the initial details as to working, it has not been possible for us to make much progress with the standard designs. But we could hardly be expected to work upon them with any enthusiasm if, when finished, they were to be used against us by foreigners. We have already intimated that, given reasonable security that we shall retain the Indian market, we are quite prepared to extend our premises so far as may be necessary to meet all the needs, present

and prospective, of the Indian Government; but we cannot go far in this direction if the Indian Government and the Indian railway companies were to adopt the policy of buying engines from Germany or from America, "possibly inferior in respect of finish" and only "nearly equal to those produced in this country" simply because they are cheaper—to begin with.

We are, &c.
(Signed) DÜBS & Co.

No. 3.

LETTER from MESSRS. NEILSON, REID & Co., Glasgow, to SECRETARY OF STATE FOR INDIA, dated 14th July 1902.

WE have just been favoured with a printed copy of a letter on the subject of German competition for Indian locomotive contracts which, by your Lordship's instructions, has been sent to Messrs. Dübs & Co., of Glasgow.

Having most carefully noted your views on the subject as therein expressed, we beg respectfully to submit the following observations for your kind consideration.

For many years our firm, compared with other British locomotive builders, constructed by far the largest proportion of the locomotive orders for Indian railways, and indeed not very long ago our establishment was known in the trade as the "Government shop." A perusal of the records of the tenderings for Indian locomotive contracts for, say, the last 25 years (during which period we have built 1,793 locomotives for India) will show the vast sums our competition, direct and indirect, has saved to the Indian State and other Indian railways.

At present we employ about 3,400 men here on locomotive work, and we have probably expended a much larger sum during the last four years upon extensions of our workshops and in the purchase of the most modern machinery and equipment than any of our competitors in this country.

We have not recently been receiving so many Indian contracts as formerly, but have been supplying to a larger extent the locomotive requirements of the home railways and of the colonies, where, owing to the absence of such cramping restrictions as to weight, &c., as are in force in India, the most modern designs are acceptable, and where also some little recognition is given for special effort in design and workmanship.

The policy of publicly advertising Indian locomotive contracts, while it may result in the submission of low offers, has also corresponding and, in our opinion, most serious defects and disadvantages from the *purchaser's* point of view, and particularly so when, as at present, tenders from American and Continental firms are not only entertained, but compared side by side. One of the obvious defects of the system of advertising for offers for locomotives is that any firm may tender to supply the work, no matter how deficient its workshops may be in organisation and equipment, and although it may have had no previous knowledge or experience of the special requirements of the particular railway.

Further, advertising tenders for locomotive contracts causes undue delay in settling contracts from the time the requisitions from India are received (1) because the specification has to be specially prepared and carefully revised before offers can be called for, as any firm may secure the contract, and may be expected, after such severe competition, to take advantage of any error or admission or subsequent alteration to the specification or drawings (not an unusual possibility), as the contractor on his part has not unlikely made some mistake in the estimate upon which the low offer he has submitted was based; (2) if the offer of a firm which has not previously built for the railway is the lowest received, a reference to India or a report upon the standing of the firm will be essential, with, also, a possible visit to their workshops. An examination of the dates of the requisitions for locomotives from India in recent years, with the corresponding dates of the placing of these contracts, will show that the average time taken to settle locomotive

contracts for India far exceeds that of any other purchasers from the trade. This delay is not in any way occasioned in the passage of the contracts through the India Office, but is most frequently the direct result of the system of advertising for offers, and in the attempt to secure order thereafter out of the chaos which results therefrom.

Public tendering for locomotive contracts renders *standardisation* or *duplication* an impossibility, as to secure cheapness the purchaser must be prepared if necessary to place his orders with a different firm on each occasion. It would therefore not be outside the bounds of possibility for large purchasers, such as the State railways of India, to have locomotive contracts in progress at the same time in nearly every shop in this country, America, and the Continent, with the maximum cost of inspection and supervision and the greatest possible variation in the resultant article. Thus we find that certain Indian railway companies have been knocked about recently from "pillar to post" in the attempt to find a cheap and satisfactory source of supply. After trying with most unhappy results several American firms, further orders for locomotives for India have been placed in succession with the Hanover Locomotive Works, the Berlin Machinery Company, and last of all with Messrs. Borsig, of Berlin. As evidence that these firms have still something to learn from the high standard of work in this country, we may mention that three of Messrs. Borsig's chief people visited these works last week, and the Chief Director of the Berlin Machinery Company has just intimated that he would also like to see over our place here.

Advertising for tenders for locomotive contracts, when it is known that any offer may be excepted, tends to prevent the best firms whose products are appreciated in other markets, from seriously competing with second rate firms, especially when their previous efforts and services have been unacknowledged, and where the offer of a low price or specially early delivery is all that is necessary to re-establish them as contractors for Indian work, should other markets fail. We would respectfully submit that no inspection however stringent or able will secure the desired result in locomotive construction without some previous experience of the same class of work and the cordial and intelligent co-operation of the contracting firm and of every member of their staff.

Then, again, the detailed inspection of locomotive work becomes more and more unequal and unfair where the resident inspecting engineers are in the one case placed in shops with which they are thoroughly familiar and where possibly they may have been apprenticed, and on the other hand in, say, workshops abroad conducted on entirely different systems, where duplication and detailed inspection such as we have been daily accustomed to, are quite unknown, and where, as is sometimes the case, the inspector cannot speak the language of the country.

We must say that we are not surprised to find a difference of 20 per cent. in the prices quoted by the Germans and the lowest of the British firms tendering in the case you refer to, and indeed we should have expected to see a much greater difference. We have a note of some of the prices quoted for an important contract for Indian locomotives settled in April of this year, and we find that there was a difference of over 28 per cent. between the price quoted by the British firm that secured the order and another British firm of the highest standing.

There is no article which can be produced in such varying qualities as a locomotive, and there is ample room in its manufacture for large savings in the cost of production which would not be revealed immediately even when it was actually at work on the railway.

If cheapness or specially early delivery is a "sine qua non," then there is surely an intermediate stage between the possibly over-inspected, expensively produced British-built locomotive with its material and workmanship specially specified, and the correspondingly inferior article as usually made in Germany or America.

We refer to the guaranteed British locomotive from British builders, which we are at present supplying with most satisfactory results to British main lines for express passenger service, and which is superior to anything made abroad. We do not object to inspection, however severe, in fact we

rather court it, but what we do say is, that inspection means both time and money.

Your Lordship refers to possible further locomotive requirements for India, but, while these may be forthcoming, we have no assurance as to when they will be placed in the market, and we can only say that at the present moment we are in the, for us, unique position of not having a single inquiry, to the extent of even one locomotive, for any railway in our great Indian Dependency.

For many years in succession the annual Locomotive Trade Reports called the attention of your predecessor to the dearth of orders for locomotives for India (see excerpts enclosed herewith), and foretold the congestion that was sure to result from such delay. At the time we refer to, we were actually delivering engines to Indian railways under cost price, so that there was every inducement to place contracts for locomotives then. India is closer to us than any of our Colonies, and has, and is costing us directly and indirectly more than most people know, and it is for others to say, whether, on general grounds, the State and Guaranteed Railways of India should be considered free to place orders abroad (and, especially in Germany) for the rolling stock that cannot be produced in India. In any case, is it prudent to let an important industry, such as the locomotive trade, pass into the hands of foreigners?

From a national point of view, every locomotive manufactured in Britain bears upon it a heavy Imperial and local taxation, and our manufactories which have survived till now have not only helped largely to supply the sinews of war in men and money, but, no doubt will be expected to do their share in providing employment for those now returning from duty successfully accomplished in South Africa.

At no time could the important locomotive orders recently given to Germany have been less easily spared by British builders than at the present time, when the outlook is none too bright for the industrial classes in our own and other trades.

We are, &c.
(Signed) NELSON, REID, & Co.

Enclosures to No. 3.

EXCERPTS FROM ANNUAL REPORTS ON THE LOCOMOTIVE TRADE.

1888.

The Indian market has this year been unusually dull, and manufacturers have consequently had to busy themselves in finding other markets to take its place. There have only been two or three orders for Indian State Railways given out for a considerable time. Such a state of matters is without parallel, and we think there can be no question as to the unwisdom of a pause in the railway development of our great eastern dependency. India has so far only been touched by railways, and both from a military and commercial point of view there is the greatest desirability and even necessity for a policy of progress in laying down lines. Mr. Holt Hallett, in an admirable paper, demonstrates the profit to India itself to be derived from the proper and extensive opening up of India by railways, and the cause of the present standstill seems to us to be inexplicable. Glasgow is now represented by seven members of Parliament, and in view of the importance of the Indian market to the west of Scotland, the lack of enterprise in Indian railways might very well form the subject of a question to the Secretary for India.

1889.

A most remarkable circumstance is that the Government of India have failed to take advantage of their opportunity. Last year we drew attention to the fact that orders for the Indian State Railways had been given out only in such very small quantities as would not keep their rolling stock up to a proper state of efficiency. This year it has been even worse, and it is safe to predict that the Indian Council will be forced into the market by pressure of

circumstances when prices are greatly enhanced. They have let slip their opportunity, and the longer they delay the more they will have to suffer, as will be readily understood by everyone conversant even in a very ordinary degree with the present great demand and increase in prices for all kinds of raw and manufactured materials. We can hardly contemplate with equanimity the position this country would be placed in were a time of war-like emergency to arise in India necessitating a large and speedy supply of rolling stock.

1890.

The Indian market has not shown the activity which was anticipated at this time a year ago. Year after year we have had to call attention to the lack of energy on the part of those responsible for the State railways in India. It is so long since the Government placed orders that their rolling stock must now be in a most unsatisfactory condition. During the year the Indian companies have given out orders for 95 engines, and of these only 30, ordered within the last week, have been for Government Lines.

1891.

India which with its enormous resources ought of itself to keep our locomotive shops fully employed has been practically non-existent for years past as a market for engines, and year after year this report has had to chronicle the same state of matters. The hopeful view to take, is that, since the demand for locomotive power must come sometime, every year that elapses must bring us nearer to it.

1892.

India has bulked rather more largely than the home market, and still the State railway's requirements are remarkable by their absence. Year after year we have had to chronicle the same thing, and have already prognosticated an inevitable early flooding of the market with orders to bring their equipment up to normal efficiency, but every time our prognostications have failed and we shall consequently now cease to prophesy until the fact is realised.

1893.

As a market for locomotives India has again been a failure, indeed, its importance in 1893 has been put in the shade by the Chinese and Japanese markets, which until the past year or two were practically non-existent. Time after time in this column we have indicated a great spurt in the locomotive industry in the following year, due to Indian officials awakening to a sense of railway requirements, but we cease henceforth to prophesy on Indian railways. Probably, when the spurt comes we may see it, but meantime matters are getting worse from year to year. While, in the case of India, long looking in that direction has made the heart sick, makers are refreshed when they transfer their vision to China and Japan.

1894.

We ceased last year to count upon the return to life of the Indian railways, stating that we had prophesied so long that we would now have to watch and see the event when it happened. If the desired improvement has not yet come it seems to be coming, and the market in that great Dependency shows indications of awakening from its slumbers of many years. Fully a third of the public contracts have come from India, and a gratifying feature is that the progress has been regular and not spasmodic, in any case, makers are looking to that market as their chief anchor of hope.

1895.

The amount of work placed through the open market might well have been undertaken by two of the leading establishments, and while there was a considerable quantity of work privately negotiated, still over all there was

not anything like sufficient demand to take up half the productive capacity of the country.

1896.

The Indian market has been specially active during the past year, and has assumed the importance amongst markets for locomotive work which has been conspicuously absent during recent times. Its importance has almost equalled that of the home market, and the pressure of traffic seems to have been felt all over the land.

1897.

Of all the markets which have helped to keep the locomotive trade in full pressure, probably the most important this year has been that of India. The State railways seem still to be lagging behind, being responsible for somewhere about 40 engines only, which is a small proportion considering the mileage of lines coming under that heading.

No. 4.

LETTER from Messrs. NASMYTH, WILSON & Co., of Patricroft, near Manchester, to the UNDER SECRETARY OF STATE FOR INDIA, dated 1st July 1902.

THE writer's absence from the Works since last Tuesday been the reason for our having delayed replying to your letter of the 24th inst., which was acknowledged on the 28th inst. (the Works having been closed on the intermediate days). We therefore hope you will excuse the delay, which, without the above explanation, might savour of discourtesy.

We assure you we very much appreciate the action of the Secretary of State in accepting our tender for locomotives, dated 20th May 1902, and fully realise the somewhat difficult, we might almost say delicate, position in which he was placed in the matter; for without documentary evidence that the British-made locomotive was not only superior in workmanship, fully equal to the difference in initial cost, but was also more economical in its consumption of oil, and especially fuel, in actual working, to the German, such as was adduced in the highly interesting "Correspondence Respecting the Comparative Merits of British, Belgian, and American Locomotives in Egypt," between (principally) Lord Lansdowne, Lord Cromer, and Sir Alfred Hickman, M.P., and presented to both Houses of Parliament by command of His Majesty in March 1902, it is, we admit, difficult in the face of it to ignore a difference in price of 25 per cent. We do not wish to burden you with detailed extracts from this report, but to show how a mere difference of actual first cost may prove relatively unimportant compared with the annual cost of working and fuel, we give one short extract from a letter from Lord Cromer to the Marquis of Lansdowne, dated 31st December 1901, which we think is very significant. Lord Cromer, in treating the fuel question, says: "Trials were made with both goods and passenger engines. It was found (inclusive No. 1) that in the case of goods engines the American consumed 25.4 per cent. more coal than the British engines, while the latter was drawing 14.2 per cent. more load. In the case of the passenger engines, the American was 50 per cent. more than the British consumption, with the same average load. This latter difference represented, at 34s. 2d. per ton (the average price paid last year by the Railway Board), an additional cost of £400 per engine." From this you will see that as the cost of the British engine was £2,240, the actual saving in fuel alone each year was equal to 18 per cent. in the first cost of the engine. Even, therefore, supposing that the American engine had been set-off; but, as a matter of fact, the quoted price of the American engines made to the designs and specifications of the Egyptian Railway Board was £2,700, or £460 per engine more than the British, i.e., a difference roughly of 20 per cent. We understand that the British railways who, a few years

ago, bought large numbers of American locomotives, have not only gone through the same experience with regard to fuel consumption, but have also had to pay largely increased expenses for repairs.

We are fully aware that these remarks apply to American *versus* British locomotives rather than German, of which at present we have few authentic results, but in the light of the experience gained with them in actual practice we think the Secretary of State has come to a very wise decision to await the results of the engines which have been ordered on such a wholesale scale by the various Indian railway companies (other than the State lines), and we fully appreciate his action in deciding to do so rather than using the action of the private lines as a precedent for his own policy with regard to the State lines. We take to heart the warning contained in the last paragraph but one of your letter, but would venture to point out that the statement that "the German manufacturers are able and willing to turn out work which though possibly inferior in respect of finish, is for practical purposes equal or nearly equal to that which is produced in this country at prices materially lower," &c., contains more than meets the eye. As "finish" is itself a very costly addition to the cost of the engines, and as the words "nearly equal" with regard to workmanship may mean a great deal, we would ask that if a true and fair comparison is to be made, the conditions in respect of finish and workmanship should be *absolutely* equal.

We trust you will forgive our having replied at some length to your very interesting letter, and have the honour to be,

Your obedient servants,

(Signed) EDWARD H. GREG, jun.,
Managing Director.

For NASMYTH, WILSON & Co., LIMITED.

No. 5. V2E:83(D515)
N02

The following firms, viz.:-

Nasmyth, Wilson & Co. Ltd.,
Vulcan Foundry, Ltd.,
Beyer, Peacock & Co., 1902, Ltd.,
Hunslet Engine Co.,
Neilson, Reid & Co.,
Robert Stephenson & Co. Ltd.,
Kitson & Co. Ltd.,
Sharp, Stewart & Co. Ltd.,
Manning, Wardle & Co.,

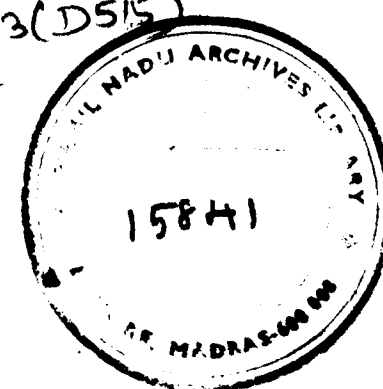
have seen the reply by Messrs. Dübs & Co., and associate themselves unreservedly with its terms.

No. 6.

CIRCULAR LETTER from the UNDER SECRETARY OF STATE to Messrs. DÜBS & Co., Messrs. NEILSON, REID, & Co., and Messrs. NASMYTH, WILSON, & Co., dated 21st July 1902.

I AM directed by the Secretary of State for India in Council to acknowledge 15th the receipt of your letter of the 14th instant, commenting upon mine of the 1st 24th of June, on the subject of British and German tenders for Indian locomotives.

His Lordship desires me to observe that as to the advantageous nature of the German tenders in respect of price, and of the promise of early delivery, there can be no question. On the other hand, he has certainly no wish to dispute the allegation that German work is inferior to British work in this particular line of manufacture; but this inferiority has not yet been proved by actual experience in India, still less has it been proved to be so great as to



outweigh the very material advantage in point of cost, and of the prospect of speedy delivery which would be gained by the acceptance of the foreign tender. It is true, he believes, that difficulties have arisen in connection with some of the railway companies' contracts now pending; but, as you very truly point out, the German firms are at present unused to English standards and requirements, and it may be that when they become better acquainted with the tests imposed, both as regards material and workmanship, they may decline to continue to tender at their recent low price.

I am to repeat that his Lordship is most anxious to avoid the necessity for placing orders abroad, not only for the more obvious reasons to which you refer, but also for others, which render it less troublesome and more satisfactory in many ways to deal with British makers. But he cannot avoid the conclusion that, unless this difference in price and in the time required for the execution of orders, is fully compensated for by the superior quality and durability of the article supplied, the possibility of confining orders for Indian locomotives to this country will be seriously imperilled.

I am, &c.
(Signed) A. GODLEY.

No. 7.

LETTER from MESSRS. NASMYTH, WILSON & CO., to the UNDER SECRETARY OF STATE FOR INDIA, dated 22nd July 1902.

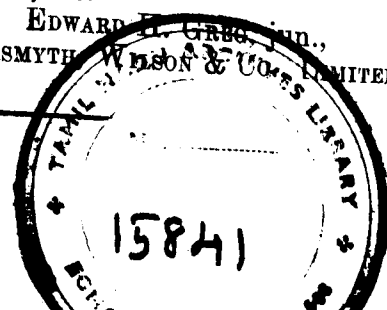
WE beg to acknowledge the receipt of your letter of the 21st instant (S. 9,447), in reply to ours of the 1st instant, and we much appreciate the courteous tone of your reply and the trouble you have taken throughout, over this matter of Indian locomotive orders being placed in Germany. We do not pretend, nor, we think, do any of the other British locomotive builders contend, that British manufacturers can expect to obtain 25 per cent. better prices than Continental, merely on the score of nationality, assuming that the quality of work and finish given by the Continental makers is, in all respects, equal to the British. Such an attitude on the part of the British builders would hardly be reasonable. Our contention was, and is, that, until the Continental work is indisputably proved to be as good or better than the British, to cast in our teeth the lower price and quicker delivery urged in support of the Continental makers, was hardly fair to us.

All that can be said at present with regard to the quality of the work is (we quote your own words), that "this inferiority has not yet been proved by actual experience in India." We do, however, know that a large amount of the work has been rejected in the course of construction in Germany, before the defects had been able to show themselves up in the actual working in India.

We are pleased that you appear to agree with us in our contention, that German firms are, at present, unused to English standards and requirements, and that very possibly, when they do become better acquainted with the tests imposed, they will decline to continue their recent low prices. We ourselves feel so sure of this that we are inclined to await that state of things, which we think is almost sure to come about, without misgiving; and, having complete confidence in their being fairly and frankly dealt with at the India Office, we think the British makers need not really fear the course adopted by the Indian Railway Companies proving such a success as to set a precedent for the State Railways.

We are very much obliged to you for the very clear explanation of the position taken up by the Secretary of State that you have given us, and which we perfectly understand; and can only say, that with his views, as expressed in your letter, we are almost in complete accord.

We are, &c.
(Signed) EDWARD H. GREEN, JUN.,
For NASMYTH, WILSON & CO. LIMITED.



EAST INDIA (FOREIGN COMPETITION.
LOCOMOTIVES).

RETURN of CORRESPONDENCE with certain
BRITISH FIRMS as to the COMPETITION between
GERMAN and BRITISH MANUFACTURERS of
RAILWAY LOCOMOTIVES.

(*Mr. Bonar Law.*)

*Ordered, by The House of Commons, to be Printed,
28 July 1902.*

[*Price 2d.*]